

TOURISM CHALLENGES IN THE RURAL AREAS OF THE AUTONOMOUS REPUBLIC OF ADJARA

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ABSTRACT

Aim: The article describes trends in the economic development of Georgia with particular emphasis on the role of tourism in the socio-economic development of the Autonomous Republic of Adjara. The paper aims to study the tourism development perspective in Adjara to improve the living conditions of the local population that lives in the highlands and to achieve equal social and economic growth throughout the country.

Methods: The study used the literature review and mass statistics data analysis methods. In addition, the results of a survey conducted in September 2022 on a sample of 351 respondents (visiting Adjara for tourism purposes) were presented. **Results:** Rural tourism is currently being discussed extensively by state organizations and other public cooperation partners as an additional source of revenue in the Rural Tourism Supply Chain in the highland areas and for regional development. The work discusses the potential and the quality of tourist products. It has identified the region's current trends and issues of tourism development, the main challenges in rural tourism, and the role of transport systems in developing rural tourism sustainability.

Conclusions: The article summarizes the recommendations for local officials in rural tourism sustainability and the importance of their development. Adjara's highlands have quite a challenging landscape. Local government should ensure the acceleration of the infrastructure projects of the Adjara highlands and the arrangement of internal roads, parking lots and infrastructure corresponding to modern standards.

Keywords: rural tourism, logistics, regional development

JEL codes: L83, L92, R58

INTRODUCTION

The mountainous landscape is around 65% of Georgia's total land area. Different communities have more diverse ecological, economic, and agricultural resources in exceptionally high mountain ranges. One of the causes of recent population migration from the highlands is worsening social, economic, and living conditions that have been a central trait of the highlands.

The Autonomous Republic of Adjara is mountainous and faces the same socio-economic challenges as other mountainous regions of Georgia. It remains one of Georgia's most significant regions and includes most areas of the highlands.

Numerous regulations have been extended to more than 200 villages in the Autonomous Republic of Adjara, located 1000m above sea level. Moreover, the Georgian Parliament enacted the Law "On the Development of Mountainous Regions" in 2015 [Legislative

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Herald of Georgia 2015]. As a result, various social advantages were developed for the people living in mountain villages. The “2019–2023 Strategy for the Development of Georgian Highland Villages” was formed in 2019 [Strategy 2019]. According to the document, the number of people living in highland settlements declined by 28% between 2002 and 2014, but the same document mentions that mountainous Adjara is the residence of 47.8% of the overall population of the highlands of Georgia.

AIM AND METHODS

The article aims to analyze the tourism development perspective in Adjara to improve the living conditions of the local population that lives in the highlands and to achieve equal social and economic growth throughout the country. This has also been one of Georgia’s regional development policy objectives [Ministry of Development and Infrastructure of Georgia 2022].

From the 1st to the 30th of September 2022, a survey was conducted in which 351 respondents participated. The target group was visitors (local and foreign) and residents who often visited the Adjara highlands for tourism purposes. The responses were examined according to the quantitative and qualitative analyzes.

Received data were studied based on statistical forecasting technical tools for exponential growth. The survey included both geographic and demographic questions, but due to the lack of significant differences, it has not been reflected in the paper.

SELECTED ISSUES OF THE ECONOMIC DEVELOPMENT OF GEORGIA

The economic policy of the Government of Georgia and the implemented measures in Adjara, like other highland settlements of Georgia, is characterized by several socio-economic problems. Despite the Georgian government’s economic strategy and implemented actions, Adjara, like other highland villages in Georgia, is plagued by various socio-economic issues, including the inefficient exploitation of possibilities, mainly the tourism potential of rural areas. Without proper resources, it’s challenging to encourage tourism in highland areas without adequate transportation and logistical infrastructure.

According to World Bank statistics [World Bank 2022], Georgia’s nominal GDP in 2021 was 15,892 USD million, while the volume of real GDP was USD 18,700 million. Figures 1 and 2 describe 2021. Real GDP growth was 10.4%, exceeding both the



Fig. 1. GDP Per Capita of Georgia – growth rate (%)

Source: [World Bank 2022].

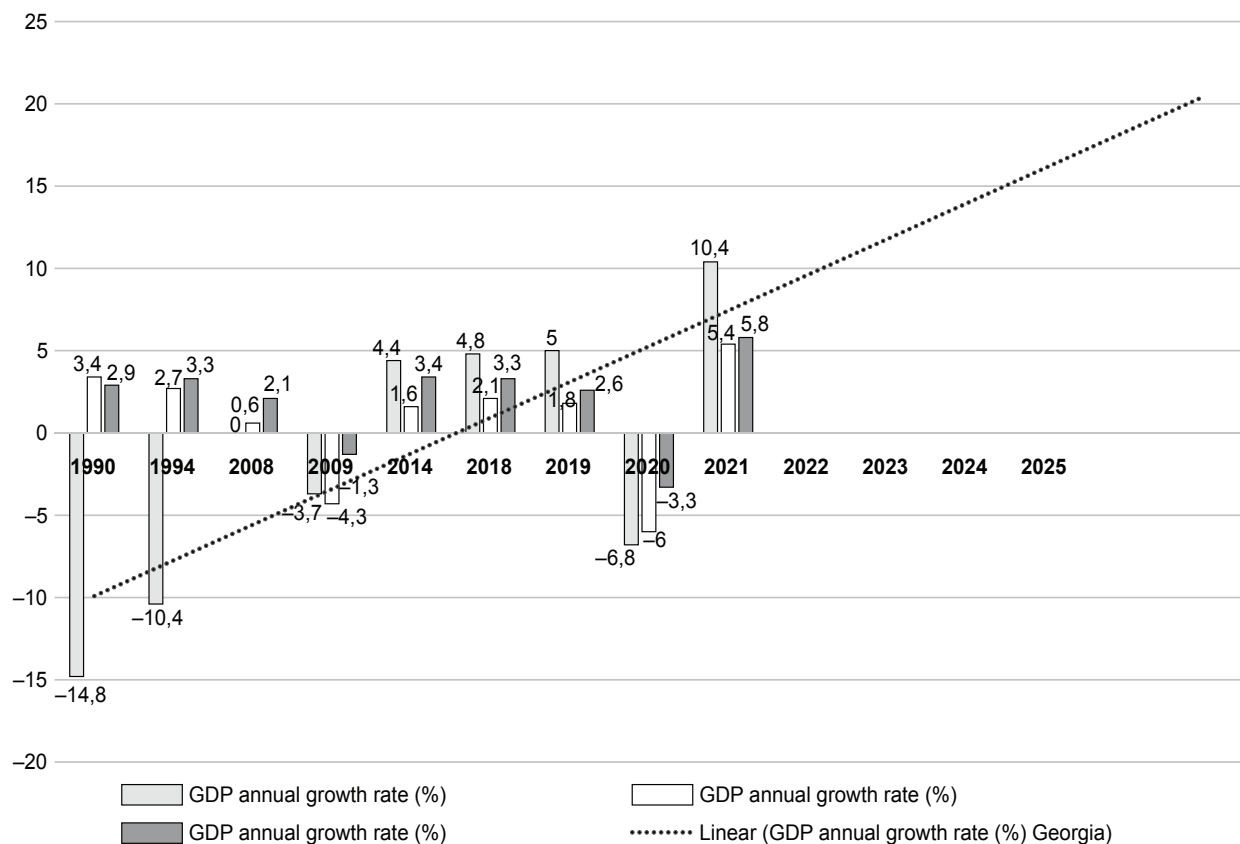


Fig. 2. GDP per capita of Georgia – growth rate (%)

Source: [World Bank 2022].

equivalent indicator of the European Union and the global GDP growth rate (according to the same World Bank, real GDP growth in the European Union was 5.4%, while global GDP growth was 5.8%). Despite this, Georgia is still in the most challenging phase of economic growth and needs to meet societal needs. This indicator ranked Georgia 119th out of 206 nations worldwide [World Bank 2022].

According to Figure 2 – per the World Bank data – the volume of GDP per capita in 2021 was 4,927 USD, which is significantly lower than the comparable indicator of both the European Union and the world (according to the World Bank data, the GDP per capita in the European Union was 32,755 USD, while the world indicator was 11,057 USD, putting Georgia in 126th place).

Despite the optimistic developments, the Georgian labor market remains challenging. Even though the

unemployment rate in 2021 was 10.7%, down from 18.5% in 2020, the country remains substantially behind the rate of the European Union and the national labor market (in 2021, the European Union’s unemployment rate was 7%, and the global unemployment rate was 6.2%).

The Autonomous Republic of Adjara is essential to Georgia’s economic growth. The graph shows the volume and percentage contribution of various indicators from the Autonomous Republic of Adjara in the country’s overall indicators. The presented indicators (Fig. 3) show that the area of Adjara is 4.16% of the total area of Georgia, and about 9.5% of the total population of Georgia lives in Adjara. GDP generated in Adjara is about 10% of Georgia’s GDP. However, the standard of living (GDP per capita) is somewhat lower than the country’s overall indication (in 2021, Adjara AR’s GDP per capita was

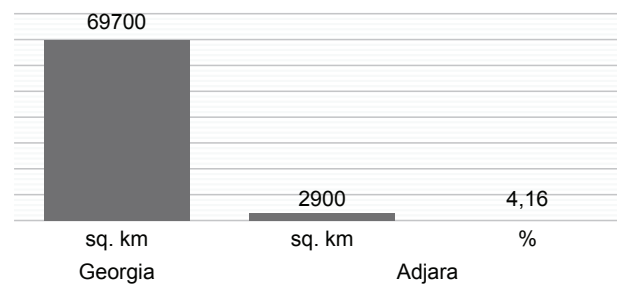


Fig. 3. Significance and share of the indicators of the Autonomous Republic of Adjara in the overall indicators of the country (2021)

Source: [GDP 2021], National Statistics Office of Georgia.

10,890.6 GEL, while the country’s general indicator was 13,234.1 GEL).

In such circumstances, achieving rapid economic development for the country and the local area is essential, which may be accomplished through the rapid growth of various critical sectors. Tourism represents one of Georgia’s priority economic growth sectors. The capital of Adjara – Batumi, was declared a winner at the World Travel Awards in 2019 for Europe’s Developing Tourist Destination – and the World Travel Awards will be held in Batumi in 2023, indicating the importance of tourism within Georgia’s various sectors of the economy [Business Media Georgia 2022]. Thus, Batumi was named the world’s emerging tourist destination at the 2022 World Tourism Awards event [Government of the Autonomous Republic of Adjara 2022].

Generally, many farming families have adopted the tourism sector, renting or purchasing village properties to run rural tourism enterprises. Rural tourism is transitioning from large-scale to broader, higher-quality, and more efficient growth concerning governmental support, public involvement, market demand, and product supply [Luo et al. 2022].

As a result, tourism occupies a prominent position in the various action plans developed by the Georgian government. For example, according to the “Tourism Strategy of Georgia 2025”, developed by the Georgian government, “by 2025, Georgia will be recognized as an advanced, all-season, high-quality tourism country, characterized by its cultural and natural treasures, world-class services, and a long history of hospitality” [Strategy 2015].

Data presented in Figure 4 shows that the share of the economic activity of accommodation facilities and food supply activities in the Autonomous Republic of Adjara in 2020 is twice as high as the share of the same indicator throughout the country. The volume of GDP generated in the Autonomous Republic of Adjara in the economic activity of providing accommodation and food supply activities amounted to 220.4 million GEL in 2021, which is 5.8% of Adjara’s GDP, while the volume of GDP created in the country in the same period is 49,266.7 million GEL, is 2.8% of the national GDP.

According to estimates for 2022, tourism has the most promising opportunity. Generally, Georgia gained 2.9 billion USD from tourism from January to October 2022, 183.2% more than the same period in 2021 and 100.2% higher than in 2019 [National Tourism Administration of Georgia 2022].

The “Tourism Strategy of Georgia 2025” [Strategy 2015] document states that it is intended to boost tourism income from the present level to 6.6 billion USD, grow the sector’s direct share of the gross domestic product to 7.9%, and increase the number of foreign visitors to 11 million [Ouariti and Jebrane 2020].

The potential of the Adjara highlands is tremendous and must be used in every manner possible. Specific actions must be implemented to expand the resort infrastructure further and transform it into the most important tourist destination. It is worth emphasizing that, in the mountains, each year, tourist growth is better than the previous year. Still, it is necessary to work on rural legislation to promote economic possibilities and employment in rural areas.

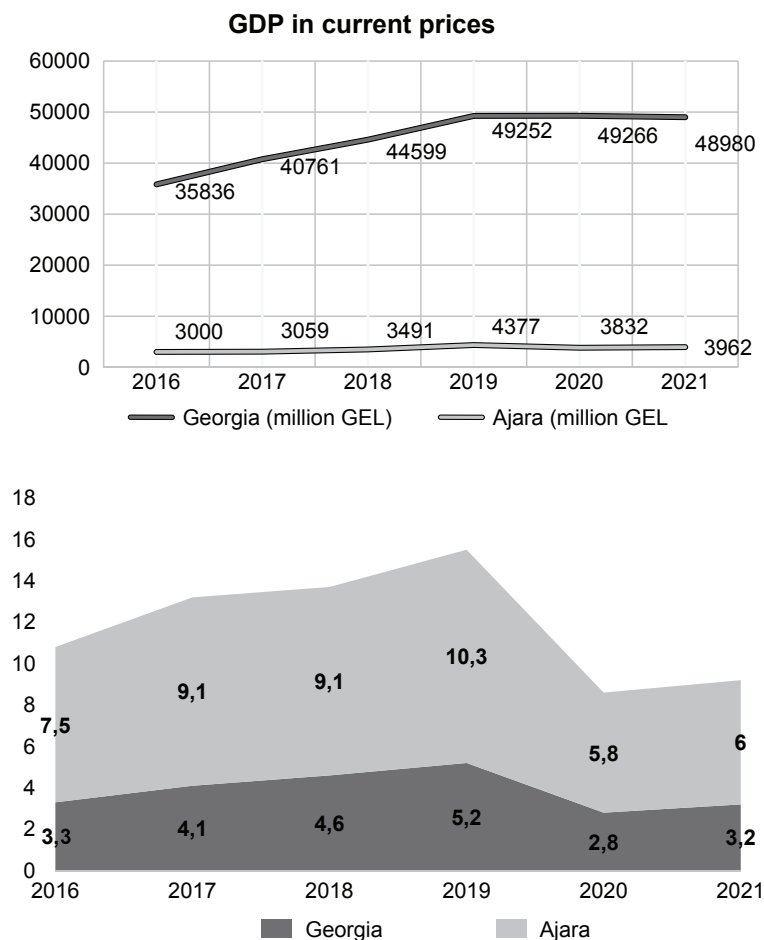


Fig. 4. The volume of GDP is created in the economic activity of accommodation facilities and food supply activities in the Autonomous Republic of Adjara and the country in general. Source: [National Tourism Administration of Georgia 2022].

In addition to the marine resort, the terrain of the Autonomous Republic of Adjara has excellent potential for developing highland and ski resorts. The weather in Adjara’s highlands is humid. Winters are cold and lengthy, whereas summers are brief and pleasant. Mineral water resort development has developed in the mountainous Adjara in recent years. They provide therapeutic, recreational, and cultural purposes, and they are available all year long. The infrastructure development of the Autonomous Republic of Adjara’s mountain ski resorts is underway. Shuakhevi and Khulo municipalities are building the following resorts: “Gomarduli” resort in Shuakhevi, “Kedlebi”, “Goderdzi” and “Beshumi” summer resorts in Khulo [Tshekladze et al. 2021].

Fig. 5 shows the results of the research conducted through the questionnaire prepared by the Authors (grade 1 represents – very bad, grade 2 – bad, grade 3 – average, grade 4 – good, and grade 5 – very good). Based on this, we can observe the following opinions:

1. Awareness of tourist potential in the Adjara highlands – For this question, 58% of respondents rate the tourism potential in the highlands with Grade 3. 9% of the surveyed respondents rate it with Grade 4, 22% rate it with Grade 5, and 11% of the respondents rate the potential with Grade 2. The question mentioned by the respondents is evaluated at an average level.

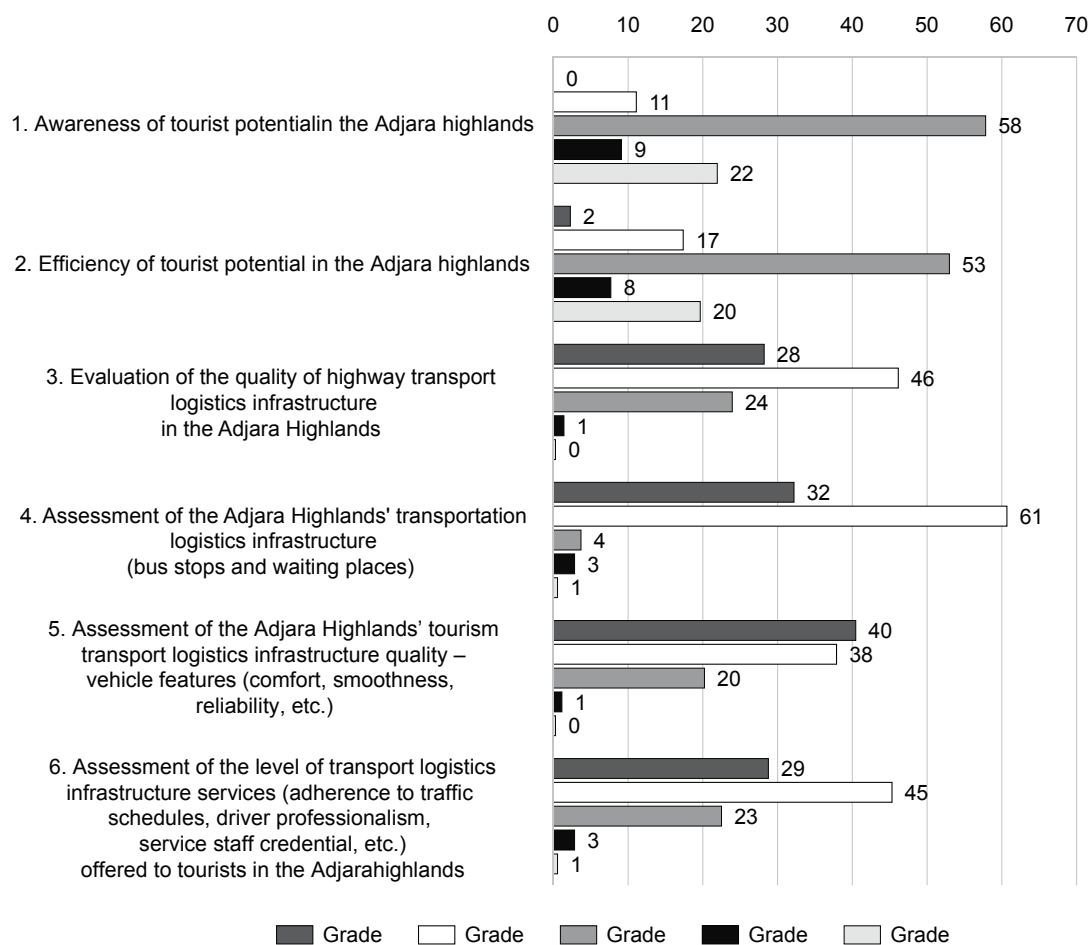


Fig. 5. Revealing the challenges in the development of tourism (%) (grade 1 – very bad; grade 5 – very good)
 Source: The Authors' research on [Batumi 2022].

2. Efficiency of tourist potential in the Adjara highlands – On average, 53% of respondents rate the use of tourism potential with Grade 3, 22% with Grade 5, 8% with Grade 4, and 2% with Grade 1. The question mentioned by the respondents is evaluated at an average level.
3. Evaluation of the quality of highway transport logistics infrastructure in the Adjara Highlands – 46% of respondents rate it with Grade 2, 28% rate it with Grade 1, on average, 24% rate it with Grade 3, and only 1–2% rate it positively with Grades 4 and 5. The question mentioned by the respondents is evaluated at a lower-than-average level.
4. Assessment of the Adjara Highlands' transportation logistics infrastructure (bus stops and waiting

- places) – 61% of respondents evaluate this question with Grade 2, 32% with Grade 1, and 4–5% with Grades 3–4–5. The question mentioned by the respondents is assessed at a very low level.
5. Assessment of the Adjara Highlands' tourism transport logistics infrastructure quality – vehicle technical features (comfort, smoothness, reliability, etc.) – The evaluation of the mentioned question becomes even worse with 40% of the respondents evaluating it with Grade 1, 38% with Grade 2 and 20% evaluate the rest with Grades 3–4–5. The question mentioned by the respondents is assessed at a low level.
6. Assessment of the level of transport logistics infrastructure services (adherence to traffic schedules,

driver professionalism, service staff credentials, etc.) offered to tourists in the Adjara highlands – The results are almost the same in this question, i.e., 45% of the respondents rate it with Grade 2, 29% rate it with Grade 1, and 23% rate the rest with Grades 3–4–5. The question mentioned by the respondents is evaluated at a low level.

DISCUSSION

The Adjara region has the potential to provide rural and ethnographic development potential in practically every village, fostering economic and social advancement for all citizens with financial support from the EU, KfW, IUCN, GEF/UNDP and others, and improving the sustainable management of protected areas in Adjara, such as – Mtirala National Park (NP), Kobuleti Protected Area (PA), Kintrishi PA, Machakhela NP, Batumi Botanical Garden, Green Lake, Goderdzi Fossil Forest, and coastal sandy dunes etc.

Nonetheless, low-quality transport logistics infrastructure and logistics services are critical components in defining the low quality of Adjara's rural tourist services. Tourism infrastructure in a rural area includes a supply chain that comprises transportation, social, and environmental infrastructure to support the development of appealing tourism goods. The tourist transport infrastructure consists of a collection of interrelated and interdependent socio-economic elements that support the efficient operation of the tourism industry. The mentioned system aims to improve the efficiency of tourist and other concomitant traffic flows [Number of cars 2022].

According to the report published by the National Statistics Office of Georgia, there are 1.47 million vehicles in Georgia, of which 83% are over ten years old. Statistics show that in contrast to other regions, relatively new cars are driven in Tbilisi. A total of 509,000 vehicles are registered in the capital, of which 308,000 cars are over ten years old, which is 75%. The most aging vehicle fleet is registered in Guria, where 92% (34,000) of 37,000 vehicles are over ten years old.

Of the existing vehicle fleet, 1.31 million vehicles are owned by individuals, companies own 162,000, and 92% (34,000) are over ten years old.

Transport logistics infrastructure in the field of tourism has two main factors:

- The transport component of the logistics system that supports tourism primarily comprises the moving capacity of the road, rail, water, and air transport, as well as transportation networks (highways, railway lines), airports, railway and bus stations, passenger terminals, and so forth;
- The logistical infrastructure's information compiler considers local and global communication networks, technological resources, software availability, databases, and their management systems in the context of tourism.

Thus, Adjara's highlands have a challenging landscape. The "Batumi-Akhaltzikhe" road, which is an essential national road, traverses the Adjara mountains. Additionally, each municipality has an internal public road that is 2367.8 km long, particularly in the municipalities of Keda (660.2 km), Shuakhevi (957.9 km), and Khulo (749.7 km). The development of the automotive infrastructure is budgeted for 63,898,700 GEL [Resolution 6; Resolution 371].

CONCLUSIONS

The study and analysis of statistical data made it possible to formulate the following conclusions:

- Currently, Georgia's economy cannot meet the demands of Georgian society, which may become an obstacle to economic development. Still, a prominent place is given to tourism, especially in the economic development of the Autonomous Republic of Adjara, including the highlands and rural tourism in general.
- At the present stage, the low quality of transport logistics systems and services hinders tourism development in the Adjara highlands (rural areas).
- Local government should ensure the acceleration of infrastructure projects in the Adjara highlands and the arrangement of internal roads, parking lots and infrastructure corresponding to modern standards.
- There is a need for more support from the state to transport companies in terms of updating the passenger transport fleet.

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WYZWANIA TURYSTYCZNE NA OBSZARACH WIEJSKICH ADŻARSKIEJ REPUBLIKI AUTONOMICZNEJ

STRESZCZENIE

Cel: W artykule opisano kierunki rozwoju gospodarczego Gruzji, ze szczególnym uwzględnieniem roli turystyki w rozwoju społeczno-gospodarczym Adżarskiej Republiki Autonomicznej. Celem artykułu jest określenie perspektyw rozwoju turystyki w Adżarii w celu poprawy warunków życia miejscowej ludności zamieszkującej wyżyny oraz osiągnięcia równego wzrostu społeczno-gospodarczego w całym kraju.

Metody: W badaniu zastosowano metodę przeglądu piśmiennictwa i analizy danych statystyki masowej. Ponadto przedstawiono wyniki badania przeprowadzonego we wrześniu 2022 roku w grupie 351 respondentów (odwiedzających Adżarię w celach turystycznych). **Wyniki:** Turystyka wiejska jest obecnie szeroko omawiana przez organizacje państwowe i innych partnerów współpracy publicznej jako dodatkowe źródło dochodów w Łańcuchu Dostaw Turystyki Wiejskiej na obszarach górskich i w rozwoju regionalnym. Omówiono potencjał i jakość produktów turystycznych oraz zidentyfikowano aktualne trendy i problemy rozwoju turystyki w regionie, główne wyzwania turystyki wiejskiej oraz rolę systemów transportowych w rozwoju zrównoważonego rozwoju turystyki wiejskiej. **Wnioski:** W artykule podsumowano zalecenia dla samorządowców w zakresie zrównoważonego rozwoju turystyki wiejskiej oraz znaczenie ich rozwoju. Wyżyny Adżarii tworzą dość trudny krajobraz. Lokalne władze samorządowe powinny zapewnić przyspieszenie realizacji projektów infrastrukturalnych wyżyn Adżarii oraz uporządkowanie dróg wewnętrznych, parkingów i infrastruktury odpowiadającej współczesnym standardom.

Słowa kluczowe: turystyka wiejska, logistyka, rozwój regionalny