

THE RISE OF GUESTHOUSE TOURISM IN THE GREATER CAUCASUS AND THE EFFECTS OF THE COVID PANDEMIC - THE EXAMPLE OF LAGODEKHI TOWN AND ITS PROTECTED AREA, GEORGIA

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With 6 figures, 9 tables and 2 text boxes

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Summary: In Georgia, tourism has become a key sector of the economy, especially since the country opened up for private investment after independence in 1991. Guesthouses, the focus of this paper, present a typical example of such private investment. In dealing with this sector, we adopt a synoptic view, and look into development over time, services offered, motives for hosting guests, outcomes, and the effects of the COVID pandemic. Geographically, our focus is on the town of Lagodekhi and its Protected Area (PA) on the foot slope of the Greater Caucasus. Our methods included a review of literature, followed by a questionnaire survey in 2018 among all 23 guesthouses in the town, covering qualitative as well as quantitative aspects of the sector. To follow up on the effects of the pandemic, which reached the area in 2020, we did a re-survey among all houses in June 2021. The results show that all guesthouses are owner-occupied and family-run, with women taking the lead, following traditional gendered labour division. The owners see themselves as paid service providers but also as hosts, who offer insights into local culture free of charge based on traditional hospitality. We posit that this dual role is a unique selling proposition, distinguishing the sector from mass tourism, and presenting an ideal complement to the nature-based attractions of the PA. The COVID pandemic led to an almost total collapse of this sector, especially relating to foreign guests, by far the most numerous visitor group. But the guesthouses remain positive about the future and continue to invest in their houses. To conclude our paper, we present ideas relating to the future of guesthouse tourism in the study area, based on experience before and with the pandemic.

Zusammenfassung: In Georgien gehört der Tourismus zu den wichtigsten Wirtschaftszweigen, namentlich seit der Unabhängigkeit des Landes 1991 und der Öffnung für Investitionen des Privatsektors. Gasthäuser, das Thema dieses Beitrags, sind ein typisches Beispiel solcher Investitionen. Wir präsentieren Kernbereiche dieses Tourismussektors wie zeitliche Entwicklung, touristisches Angebot, Motivation und Ergebnis aus Sicht der Gasthäuser, und den Effekt von COVID-19. Dabei konzentrieren wir uns auf die Kleinstadt Lagodekhi und das gleichnamige Naturschutzgebiet am Fuss des Grossen Kaukasus. Unser Methodenset umfasst eine eingehende Literaturrecherche, gefolgt von einer Umfrage unter allen 23 Gasthäusern (2018) unter Verwendung einer Frageliste, die qualitative und quantitative Aspekte des Sektors betraf. 2021 wurde eine zweite Umfrage durchgeführt mit dem Ziel, die Folgen der Pandemie des Jahres 2020 zu dokumentieren. Die Resultate zeigen, dass die Gasthäuser klassische Familienbetriebe sind, wobei die Frauen gemäss traditioneller geschlechterdefinierter Arbeitsteilung die Häuser führen. Das Gästeangebot besteht aus einem kommerziellen Teil sowie einem kostenfreien Angebot im Kulturbereich, der auf traditioneller Gastfreundschaft beruht. Diese Doppelfunktion stellt unserer Ansicht nach ein Alleinstellungsmerkmal dieses Tourismuszweiges dar, das ihn vom Massentourismus abhebt. Mit ihrem Fokus auf Kultur ist sie eine ideale Ergänzung zum Naturerlebnis im Naturschutzgebiet. Die COVID-Pandemie führte zu einem Kollaps der Zahl insbesondere internationaler Gäste, dem wichtigsten Gästesegment der Häuser. Diese sehen die Zukunft jedoch positiv und investieren weiter in ihr Geschäft. Den Abschluss unseres Beitrags bilden eine Reihe von Vorschlägen zur Gestaltung der Zukunft des Gästehaustourismus, basierend auf der Situation vor und mit der Pandemie.

Keywords: Tourism, guesthouses, hospitality, unique selling proposition, COVID-19, Caucasus, Georgia

1 Introduction

1.1 Tourism in Georgia

Tourism has been one of the fastest-growing industries at the global level since the 1950s. It is often seen as a panacea for solving development problems, especially in developing countries and countries in transition (UNWTO 2020, DEBARBIEUX

2014, among countless other sources). The current COVID pandemic dramatically illustrates the importance of the sector for hard currency generation, employment, and livelihoods for millions of people worldwide; at the same time, it reveals the sector's vulnerability to global crises (UNWTO 2021, WEF 2021).

Georgia has achieved unprecedented tourism growth in global comparison (SALUKVADZE et al



2019). In 2017, the sector contributed 7 % to the national GDP, provided 8 % of direct employment, and 27 % of indirect employment (KHELASHVILI 2018). Tourism has come to play a key role in improving economic and social conditions in the country. This is a remarkable success after the profound and often traumatic transition following the dissolution of the Soviet Union. In Soviet times, the centralised state was the only actor in the sector within the framework of a planned economy. After the demise of the Soviet Union, the newly independent countries, Georgia in particular, had to start from scratch in relaunching tourism (KHOKHOBABA & GUGUSHVILI 2021). Private businesses, both large-scale and small-scale, civil society organisations, supported by international NGOs, donors and investors, and the state were the drivers of this relaunch (GUNYA 2014).

Alongside large-scale investment in resorts and basic infrastructure, local residents began to invest in tourism on a small scale, mainly in transport and catering facilities, restaurants, and small guesthouses (GUGUSHVILI et al 2020, KHARTISHVILI et al 2019, SHARIA 2019). These small-scale investments led to the development of new forms of tourism in Georgia, with guesthouses as important service providers, as in other parts of the world (Box 1). Global as well as Georgian literature use several interrelated terms for this kind of tourism, including agro-tourism, rural tourism, community-based tourism, or ecotourism, to mention only the most prominent ones. We propose the term *guesthouse tourism*; *family-run tourism* or *home-based tourism* would also work, as most guesthouses are part of family homes and are owned and run by their inhabitants, as will be shown below.

Guesthouse tourism has been playing an increasingly important role across the country's rural areas, especially in the mountains. Georgia is a mountain country, with almost 80 % of its territory categorised as mountainous (UNEP-GRID 2018). Mountain tourism potential is high, given the unique flora and fauna, high levels of biodiversity and endemism, landscape beauty, and the specific culture, including traditional hospitality. In response to this potential, Georgia has massively increased the number of its protected areas since independence. In 2021, they covered 11.5 % of its territory, up from 7 % in 2011 (APA 2022a). Most of these are in mountainous areas, with the aim of helping advance tourism, a policy further supported by the newly formulated *Ecotourism Strategy for Georgia 2020-2030* (KHARTISHVILI et al 2019, PARESISHVILI et al 2017). The rationale behind these initiatives is to strengthen local economies and prevent depopulation, a severe problem in Georgia's mountain regions (SALUKVADZE & BACKHAUS 2020, KOHLER et al 2017).

Tourism in mountains and in their protected areas is still in its early stages of development (PARESASHVILI 2014, SIRSE & KHARTISHVILI 2015). While no data are available for visitor numbers in mountain areas in general, visits to all protected areas accounted for only 13 % (up from 1 % in 2008) of all visits to Georgia in 2019 (GEOSTAT 2021). By contrast, visitor numbers for the most popular tourism destinations, the capital Tbilisi and the Black Sea Coast (Batumi), together accounted for 85 % of all visits in 2019 (GEOSTAT 2021). Visitors to these two tourism hotspots mainly came from neighbouring countries (Russia, Azerbaijan, Armenia, Turkey), which ac-

Box 1: Guesthouses in a global perspective

Ever since people have travelled, they have relied on lodging facilities, and guesthouses are among the oldest forms of such facilities (DALLEN & TEYE 2009). Today, guesthouses are important service providers in the tourism industry. While there is no general definition of a guesthouse, there is general agreement that (1) guesthouses are smaller than hotels, (2) constitute an integral part of family homes often enlarged and converted to offer space for guests, (3) are owner-occupied and owner-run, typically including the owner's family, and that (4) in contrast to hotels, they offer personalised attention and a cosy atmosphere (CHIA & MUIZ 2021). In recent decades, guesthouses have become increasingly popular as they are perceived as alternatives to mass tourism such as sustainable tourism, community-based tourism, ecotourism, farm-stay, or agrotourism. While their share of the tourism industry varies from place to place, they are found in very diverse settings across the globe, in towns as well as in rural areas, in lowlands, islands and coasts, as well as in uplands and mountains (SUCHERAN 2022, MOSWETE et al 2019, DALLEN & TEYE 2009, DEBARBIEUX 2014, among many others).

count by far for the largest visitor group. Visitors from EU-countries, much less numerous, showed a preference for mountain regions (SALUKVADZE & BACKHAUS 2020).

The wider Caucasus region presents a heterogeneous picture of guesthouse tourism, and tourism in general (RADVANYI & MUDUYEV 2007). In Azerbaijan, guesthouses are prominent, especially in the mountains of the Greater Caucasus, and their development is actively supported by the government (AZERI TIMES 2021). In Armenia, guesthouses (as well as hotels) are concentrated in the capital (Yerevan), with few in the countryside as yet (ITA 2021). As in Georgia, guesthouse tourism is promoted under the label of community-based tourism rooted in hospitality tradition (KHARTISHVILI et al 2020, SHAGOYAN 2016) and supported by the government and international donors. In the Northern Caucasus, the Russian Federation promotes the development of large resorts for a Russian and international clientele (ANDREYANOVA & IVOLGA 2018), but in some regions, guesthouses have become an increasingly familiar sight, for example in the mountains of North Ossetia (GRACHEVA et al 2019).

1.2 Research gaps and aims of this paper

There exists a large body of literature relating to tourism in Georgia. Some of the material deals with tourism in the country in general, relating to history (KHOKHOBABA & GUGUSHVILI 2021), regional potentials (PARESISHVILI et al 2017), challenges for sustainable development (KHELASHVILI 2018), policy frameworks and institutional questions, and the need for innovation (KHARTISHVILI 2021).

Studies that deal with guesthouse tourism, equally numerous, tend to focus on specific aspects such as tourism-induced livelihood changes (SALUKVADZE & BACKHAUS 2020, HEINY et al 2017), tourism linkages with other sectors of the economy (HÜLLER et al. 2017, GUGUSHVILI et al 2017), the role of hospitality (GUGUSHVILI et al 2019), and opportunities for regional development and challenges for institutionalisation (KHARTISHVILI et al 2019). Other studies deal with the threats of local tourism development and the need for management plans with the aim of preserving cultural heritage including architecture, and social cohesion (APPLIS 2019). What is lacking is a more syn-

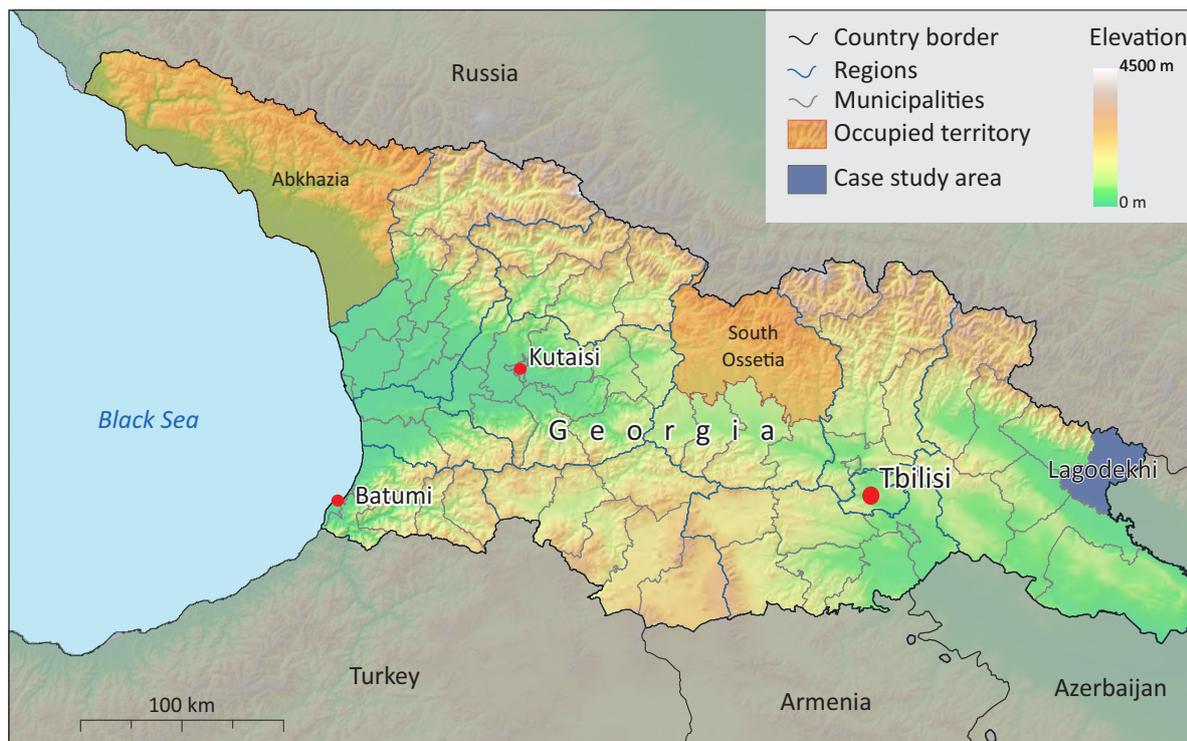


Fig. 1: Map of Georgia. The research area lies in the Northeast of the country bordering Azerbaijan and the Russian Federation (Map prepared by Temur Gugushvili 2021)

optic view of the sector, including development, services offered, and aims of the hosts. The present paper aims to help close this gap. Building on the existing body of knowledge, we undertake (1) to present key aspects of the guesthouse sector; (2) to look at other key stakeholders in local tourism; and (3) to appraise the future of the sector prior to the COVID pandemic (2018), and again after the first year of the pandemic (2020). We do this by focusing on a concrete local context, the small town of Lagodekhi and the Lagodekhi Protected Area (PA) located in Eastern Georgia on the Southern slopes of the Greater Caucasus (Fig. 1). The paper concludes with a discussion and a conclusion section.

2 Methods

Our work started with a review of the relevant literature from Georgia, prepared by research institutions, authorities, and civil society organisations, including datasets provided by the National Statistics Office of Georgia (GEOSTAT) and the national Agency of Protected Areas (APA). Field work at Lagodekhi town took place in October and November 2018. This included a census survey among the owners of all 23 guesthouses that existed at that time in the town. We used a questionnaire covering quantitative as well as qualitative aspects. The refusal rate was zero. Guesthouses were identified by a search in relevant booking platforms, and by the knowledge of the local Georgian research team. The location of the guesthouses was mapped to show their distribution across the town (Fig. 2).

With data processing almost completed, the COVID pandemic appeared. To document its effects on the guesthouse sector, we did a re-survey among all guesthouses previously interviewed, which took place in June 2021 (this time we had 1 refusal), covering the first year of the pandemic (2020). Our study thus includes a longitudinal aspect, as it covers the pre- and post-(first-wave) situations of the pandemic. We also conducted in-depth interviews with other local players in tourism, including the town administration, the municipality, the Protected Area (PA) management, and NGOs engaged in Lagodekhi. Data coding and analysis was done with MAXQDA. Most of the work above was done within the framework of the MSc-thesis of the first author of this paper (SCHMID 2020).

3 The research area

Lagodekhi town is the capital of Lagodekhi municipality in Kakheti Region. The municipality borders Azerbaijan to the East and the Russian Federation to the North (Fig.1). The town lies on the foot slope of the Greater Caucasus at an altitude of about 450 meters a.s.l. As in the municipality, the population of the town declined from 8,700 in 1991 to 5,700 (in 2500 households) in 2020, a loss of 35 %, which is slightly above the national average of 31 % (GEOSTAT 2021). A substantial number of houses are abandoned. Others are not permanently occupied and used as summerhouses by their owners now residing – and working – in Tbilisi or elsewhere in Georgia or abroad. Building density is low, as the individual plots include a sizeable open space that can be used as a garden or for the construction of additional rooms or new buildings (Fig.2). As will be shown, this has been important for the development of the guesthouse sector. In Soviet times, the town was an important military base. Today, it is a regional centre, hosts the municipal and town administration, and has a hospital and a sports stadium. The town lies at the main road link between Georgia and Azerbaijan.

The Protected Area (PA), often referred to as National Park, is located north of the town. It extends from about 600 meters to 3,500 meters a.s.l. It was established in 1912 by the Academy of Sciences of the Russian Empire and the branch of the Russian Geographical Society in the Caucasus, following a study by the Polish Botanist Ludwig Młokosiewicz, which had revealed the extraordinary natural value of the area. The PA is renowned as the first protected area in the Caucasus (KHARTISHVILI 2017). Over 80 % of its area of 24,000 ha is categorized as a *Strict Nature Reserve*, the highest category for protected areas according to the classification of the *International Union for Nature Conservation* (IUCN). The remainder, which extends along the lower boundary, is a *Managed Nature Reserve* (Fig. 2) and allows for tourism and the collection of forest products within defined rules. The Park (PA) is famous for its high biodiversity including flagship species such as the black goose, which is endemic to the Caucasus (BASTMEIJER & BASTMEIJER 2016). Other attractions include several waterfalls and a lake above the timberline at the border to Russia. Our study thus deals with a highland-lowland context, where the tourism base is at the mountain pediment in a small town, and the tourist interest area is up in the adjacent mountains which are not inhabited (Fig. 3). Funds for running

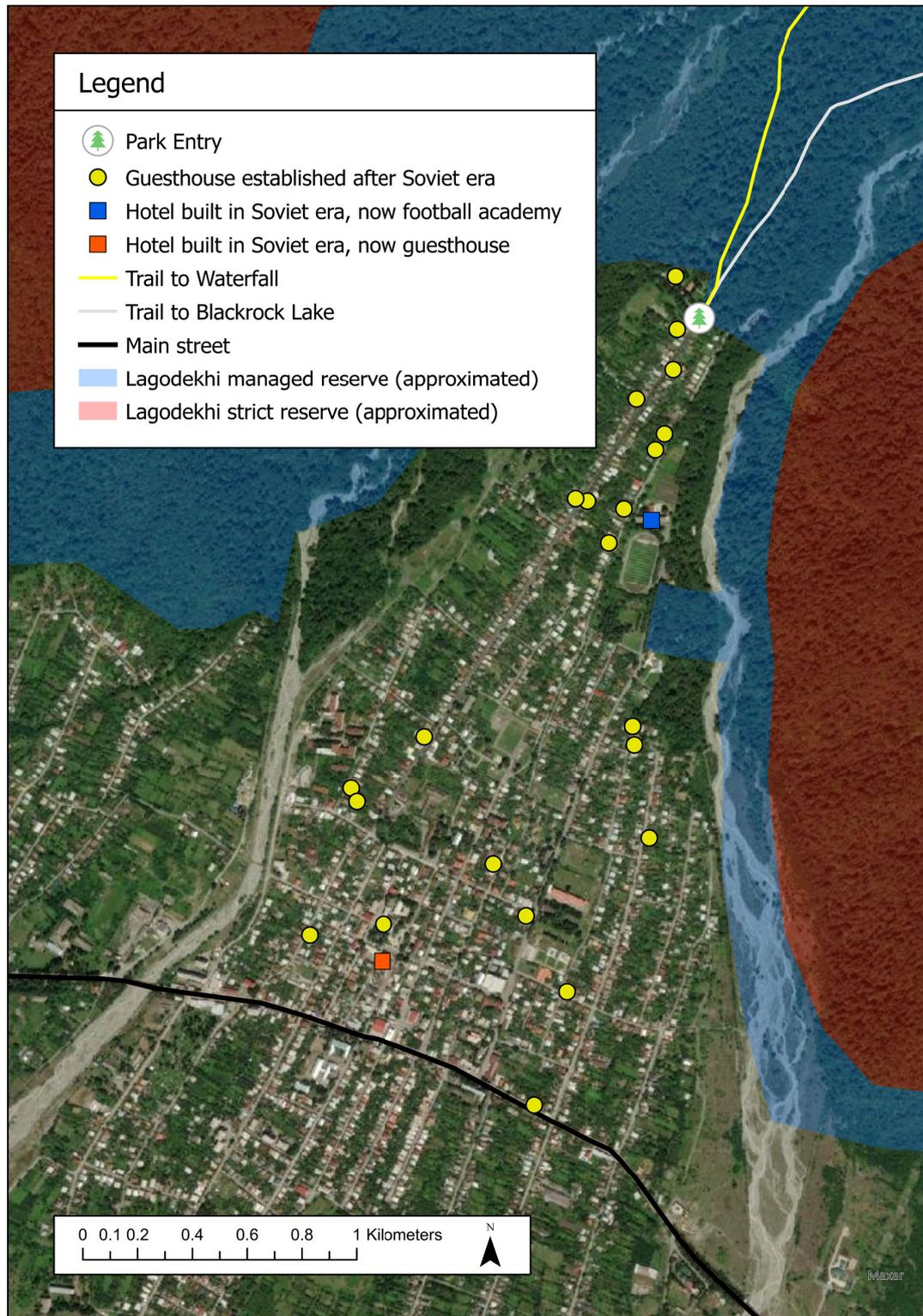


Fig. 2: Lagodekhi town, showing the location of guesthouses and the Protected Area (PA) (Map prepared by Leonie Schmid 2018, supported by Lukas Würsch, Centre for Development and Environment, University of Bern). Map source: GoogleEarth 2019.



Fig. 3: Lagodekhi with the Southern slopes of the Greater Caucasus and the Protected Area (PA) in the background (Photo: Leonie Schmid 2018)

the PA are provided by NGOs, (*Caucasus Nature Fund* and others), international donors such as the World Bank, and the government (KHARTISHVILI 2017).

4 The guesthouse sector

4.1 Development of the sector (1990–2018)

Guesthouses are key service providers in tourism, and as mentioned above, they are a new development in Georgia. Of the two establishments offering board and lodging that existed in Lagodekhi during Soviet times, one was informal, i. e. officially not registered. The other was a hotel run by the state authorities in the town centre, later bought by its manager and then converted into a guesthouse. The demise of the Soviet Union led to an almost complete breakdown of tourism in Georgia, as visitors from socialist countries then dominated the sector (SALUKVADZE & MELADZE 2014). The situation did not improve immediately; in Lagodekhi, no guesthouses were built in the 1990s (Fig. 4). The tourism crisis was exacerbated by domestic political turmoil and armed conflict over Abkhazia and South Ossetia. After the year 2000, tourism across the country began to recover due to political stabilization, economic recovery, and external support. In Lagodekhi, this upswing is reflected by a strong and

continuous growth of the guesthouse sector, a trend also noticed in other regions of Georgia (GUGUSHVILI et al 2019). Our survey *in situ* found 23 guesthouses in 2018 (Fig. 4), with a total bed capacity of 382. This strong upward trend continued before the COVID pandemic, resulting in a total of 33 establishments in 2019 according to *booking.com*.

The newer houses, built from 2010 onwards, are smaller in terms of bed capacity. There is a considerable span in overnight capacity ranging from 2 to 40 beds per guesthouse (Tab. 1). Just over half of the enterprises (52 %) offer 81 beds (21 %) in total, while the four largest ones (17 % of all guesthouses) offer almost 40 % of overnight capacity. All guesthouses are located in the northern part of the town, i.e. relatively close to the entrance to the PA (Fig. 2).

4.2 Construction and ownership of guesthouses

The guesthouse sector presents a picture of owner-occupation, as practically all owners live in their guesthouse or on its premises. They are all local people or descendants of locals. About two-thirds are women. Ownership here means managing and running the business, and not necessarily formal ownership of the property. 17 out of 22 owners (77 %) are 50 years old and older. Seven owners, five of them women, are of retirement age (which is 60 years for

Development of guesthouse sector 1980 - 2018, Lagodekhi

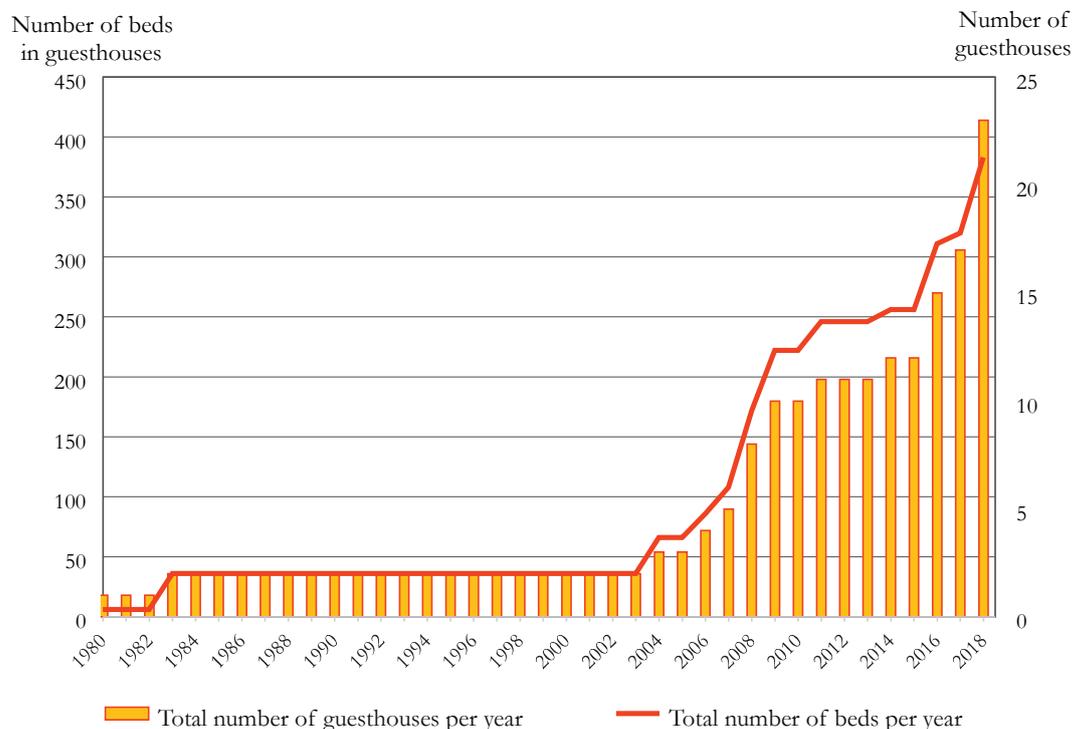


Fig. 4: Development of number and size of guesthouses 1980–2018 (SCHMID 2020)

Tab. 1: Age and size of guesthouses

Period in which guesthouse was established	Number of guesthouses by number of beds (2018)			
	2 to 10 beds	11 to 20 beds	21 to 30 beds	31 to 40 beds
1980-89	1		1	
1990-99	0			
2000-09	1	3	2	2
2010-18	10		1	2
Total guesthouses	12	3	4	4

(N=23)

women, and 65 for men) (Tab. 2). As pensions are small (GEL 240, i.e. US\$ 80 per month) and not sufficient to support a livelihood, the additional income provided by the guesthouse certainly helps improve the general living conditions of retired persons. As will be shown later, all owners use part of their guesthouse income for personal needs and hence to improve their standard of life. The survey data show that there is no bias relating to the gender of the owner and size of the guesthouse; there are more women owners in all guesthouse size categories.

Tab. 2: Age and gender of guesthouse owners

Age of owner	Gender of owner	
	female	male
under 40 years	1	2
40 - 49 years	2	0
50 - 59 years	7	0
60 years and over	5	5
Total guesthouses	15	7

(N=22)

Relating to funding and construction of the guesthouses, the majority of them (14) (Tab. 3), was financed by the owners, their families, and a network of relatives, including sons and daughters who had left Lagodekhi in pursuit of employment. This type of funding was made easier as most guesthouses had previously been the homes of the family of the owners. Moreover, most of these had developed their guesthouse in small steps, by transforming some rooms not needed anymore as the younger generation had moved out. The necessary changes were largely done

Tab. 3: Funding and construction of guesthouses (average bed figures are rounded)

Funding and construction of guesthouses	Number of guesthouses	Number of beds (average)
built largely by owner family, with own funds	14	11
built by local constructor, supported by bank loans and/or grants	6	32
other combinations of construction and funding	2	20
Total number of guesthouses / beds on average	22	15

(N=22)

by the owners and their families, with some help from local firms, mostly for electricity supply and sanitary installations. Typically, most guesthouses in this category are rather small, generally offering up to 10 beds (Fig. 5a, 5b). Conversely, the larger guesthouses (30 to 40 beds) were funded by a combination of family and external resources, mainly in the form of bank loans, and in some cases combined with grants provided by ENPARD (*European Neighbourhood Programme for Agriculture and Rural Development*), a programme implemented by local NGOs (<https://eu4georgia.ge/enpard/> accessed on 29 July 2021).

4.3 A dual role as service providers and hosts

All guesthouses offer accommodation and meals. Beyond these basics, though, they also offer additional services (Tab. 4), generally several of these in combination. For example, two of the larger guesthouses run a café and a restaurant, three have a swimming pool, and two offer larger meeting rooms accommodating up to 70 people for seminars and conferences. Others have a souvenir shop where they sell local products such as wine, honey, and hand-

made shampoo and soap using local forest products. Agrotourism services focus on wine production, including harvesting and tasting. This comes as no surprise, as the region (Kakheti) considers itself to be the world's "homeland of wine", as some of the guesthouse owners put it. Services related to other aspects of local culture, especially food, are also important. Agrotourism and local culture are thus important complements to the attractions offered by the mountain environment and its PA. Tourists value these offers highly, as will be shown later.

To sum it up, guesthouses provide a surprisingly wide range of activities to make guests feel comfortable and at home. This is the more remarkable as the guesthouse owners are newcomers to tourism with only a few years of experience. Apparently, they compensate this lack of experience by their sense of hospitality, for which Georgia in general has a reputation, and by their feeling for what might be of interest to their guests. Moreover, most of the services beyond meals and accommodation are offered free of charge. This implies that guesthouse owners assume two different but complementing roles. Firstly, they act as service providers for clients against payment – we may call this the commodified side of tourism.



Fig. 5: Making visitors feel at home: (5a, left) exterior appearance and (5b, right) interior view of a typical guesthouse, Lagodekhi (Photos: Leonie Schmid 2018)

Tab. 4: Special services offered by guesthouses

Type of services offered	Count of services offered	Comments
Special infrastructure:	14	
Café and restaurant	2	
Souvenir shop	7	Home-made products, forest products
Swimming pool	3	
Meeting rooms	2	Accommodating 40 and 70 people
Agrotourism:	13	
Cutting/harvesting grapes	6	
Wine tours, wine tasting	7	
Local culture and food:	18	
Cooking lessons	12	
Dinner in family circle, BBQ	2	BBQ: barbecue events
Singing together, dressing, horse riding	4	e.g. dressing in traditional local customs
Other services:	5	
Support in planning tours, or offering special tours (to PA or other destinations)	5	Collect mushrooms or flowers in PA, visit other places in Kakheti region
Total service types and number of mentions	10 50	10 different service types on offer, mentioned 50 times in total by all 23 guesthouses

(N=23)

Secondly, they act as a host for guests in the traditional sense of the word, which represents the non-commodified side of what is exactly *not a business*, but a reference to hospitality, a behaviour deeply rooted in their culture. This non-commodified aspect of tourism appears to be widespread among family-run guesthouses in Georgia (GUGUSHVILI et al 2019).

All guesthouses maintain an online presence on various platforms – yet another service provided – with *Booking.com* being the most popular, followed by *Airbnb* and *Facebook*. Most travellers, particularly international visitors, book their stay using these channels. Reservations via phone are also prevalent but are preferred by Georgian guests. The presence of all guesthouses on the internet is surprising insofar as most of the owners are elderly people and hence not digital natives; most often, young household members or relatives take the lead in preparing, uploading and submitting documents online.

4.4 Incomes and livelihoods before COVID pandemic

The household incomes of the guesthouses are surprisingly diversified. While tourism is the only source of income for 6 houses, the others all have be-

tween one and three additional incomes spread across diverse activities, mostly in the private sector (Tab. 5). Contrary to similar studies in more rural contexts in the mountains of Georgia (HEINY et al 2017), income from agricultural activities is of minor importance in Lagodekhi. The 6 guesthouses depending solely on tourism are mostly larger houses. For another 10 houses tourism provides their first income, combined with other sources. For the smallest guesthouse category with a maximum of 10 beds, tourism income is additional and other sources more important (Tab. 6). If we look at incomes through the gender lens, we observe that women owners rely more often on tourism as their only source of income than male owners: Of the 6 houses relying solely on tourism, 5 are owned by women.

All guesthouse owners mentioned that they use tourism income first to cover running expenses such as food, drinks, other items, and salaries. This is followed by investments, such as increasing the number of rooms or improving service quality by adding bathrooms or balconies. They argue that competition is growing, as the number of guesthouses is on the rise, and that they must keep abreast with development in general. Third, they use the money to cover their families' personal needs. While the business thus has priority, there is money left to spend for

Tab. 5: Household income sources of guesthouses

Household income sources	Number of mentions	Details
Tourism only	6	6 household with only guesthouse income
Other primary/secondary incomes in combination with tourism:	17	17 households have 1 to 3 incomes in addition to guesthouse income
Public sector services	5	4 teachers, 1 municipality worker
Private sector services	4	Dentist, car service, event managing, shop
Private sector, building	2	Local construction firms
Private sector, agriculture	5	Grape-garden, honey, 3 agro-unspecified
Pension	3	
other	4	2 supported by children; 2 unspecified
Total other income sources and total number of guesthouses	23	17 households derive an income from 23 different sources in addition to tourism

(N=23)

personal items or services. As this money would not be available without the guesthouse, tourism impacts owners' livelihoods and well-being positively, or more precisely, increases their financial capital.

Apart from increasing owners' incomes, several multiplier effects can be identified as to income generation, though these might be smaller than expected (GUGUSHVILI et al 2017). Firstly, all guesthouses purchase food from local markets and shops. However, this does not automatically imply that the food comes from local sources, as tourism food supply chains often tap sources beyond the local realm (SALUKVADZE et al 2019). Secondly, half of all guesthouses have employees to help run the enterprise. These are non-family members. Their total number is 46 persons, hence two people on average over the whole sector. Again, this is a rather low multiplier. For the most part, employees are engaged in the larger guesthouses. Owners of smaller houses rely on family support. The family is thus not only important in providing the means for funding and construction, and for the presence on internet, but also for running the houses.

5 Other stakeholders in local tourism

5.1 Tourists and guests

While this paper focuses on the guesthouses, other actors have played an important and instrumental role in local tourism development. We can single out four actor groups: the tourists/guests, the Protected Area (PA), other government authorities, and civil society organisations. These groups are presented below.

According to the information received from the guesthouses, tourism is highly seasonal, covering the period from late May to October. Guests stay for an average of three nights. The number of guests varies greatly with the size of the houses; in 2018, annual figures for three years (2016-2018) range from 60 visitors to just over 1200 per house, with an average of 620, but most guesthouses have considerably less, as the median of 250 shows. When the figures given by the individual guesthouses were added up, the total visitor number came to about 4700 per annum

Tab. 6: Sources of income of household by size of guesthouse (number of beds)

Sources of income	Number of guesthouses by size (number of beds)				Total number of guesthouses	Total number of beds
	up to 10 beds	11 to 20 beds	21 to 30 beds	31 to 40 beds		
Tourism only	1	1	1	3	6	150
Tourism first, plus other incomes	4	2	3	1	10	187
other incomes first, plus tourism	7	0			7	46
Total number of guesthouses	12	3	4	4	23	
Total number of beds	81	51	106	145		383

(N=23)

for the above reference period. According to the information received from the guesthouses, most of their guests (60%) are from Europe. This percentage includes 14 different countries, with Germany taking the lead before Poland and the Netherlands. A substantial number of guests come from the Russian Federation, followed by visitors from Israel. Few guests come from other countries. Surprisingly, domestic (Georgian) guests account for only a minor share of guests (an estimated 10%) according to the data collected from the guesthouses. But they account for most of the entries to the PA (Tab. 7). The reason for this mismatch is that domestic guests are largely day tourists, visiting the area for one day and then returning home.

5.2 The Protected Area (PA)

Relating to visitor numbers, the PA has been a full success. Between 2008, the first year when visitor data were recorded, and 2019, domestic entries went up 20-fold, and international ones even 30-fold. Then came COVID, and entry numbers virtually collapsed (Tab. 7). As international guests constitute by far the most important visitor segment in guesthouses, the boom of PA entries from this group was instrumental in the rapid development of guesthouses. These are clearly aware of the importance of the PA; 21 out of the 23 guesthouses interviewed see the PA as the most valuable asset for their business. In their eyes, that area and its untouched nature is the main, and for some the only, reason why guests come to the region. As one owner puts it, *“Nature is everything for us. There is nothing else on offer here. We have no historical sites or interesting churches”*. From his interaction with guests, another owner is convinced that *“People love Lagodekhi because of the national park...the PA is our business card. And it has a future”*. Yet another owner states: *“We are living in such a good place because we have this protected area”*. Many express a feeling of gratitude towards the PA, oc-

asionally mixed with pride, as some hold the PA to be *“the oldest in the world”* (it is the oldest in Georgia, as mentioned earlier).

Tab. 8 illustrates the above statements. Natural assets are mentioned 52 times by the owners as to why their guests visit Lagodekhi. The PA is mentioned specifically for its untouched nature, for specific aspects and highlights, for its mountain landscape and for its recreational value and its offer of active forms of tourism. To sum it all up, guesthouse tourism is clearly nature-based overall, with the PA providing the key attraction. The PA itself also has some activities on offer, such as hiking and riding tours, flower and animal observation, drawing/painting courses in nature, eco-camps and excursions, and research activities (<https://nationalparks.ge/en/site/lagodekhinp> and <https://visitlagodekhi.wordpress.com/services/>).

Cultural aspects come in second place, but the guesthouses take great care to introduce their visitors to these, including exposure to local cuisine and wine culture, traditional music and singing, and other activities (Fig. 6).

5.3 Other government authorities

The municipality is willing to support tourism and sees private business with the guesthouse sector in the lead. The mayor of the town confines the role of the municipality to the improvement of public infrastructure. He mentions improved road access to the PA, regular collection of garbage and the installation of garbage bins in the town. These measures are appreciated by the guesthouse owners. They also acknowledge the simple administrative procedure for registration and receipt of official business status, an important and probably underrated factor behind the growth of the sector. As to the national level, the owners are very positive about the open border policy relating to tourism and acknowledge the efforts in tourism promotion made by the au-

Tab. 7: Visitor entries into Lagodekhi Protected Area 2008-2019/2020/2021

Protected Area: Entries/year	2008	2010	2012	2014	2016	2018	2019	2020	2021
Entries by domestic visitors	2133	13259	22759	31488	38214	43918	44648	5567	6345
Entries by international visitors	507	1858	3592	7929	11376	13554	15113	512	1310
Total entries	2640	15117	26351	39417	49590	57472	59761	6079	7655

(Source: APA 2022b)

Tab. 8: Motives of tourists for visiting Lagodekhi as seen by guesthouse owners

Main motives for visiting Lagodekhi	Number of mentions	Comments
Nature (total score):	52	
untouched nature offered by PA	18	
PA (Protected Area) in general	8	
PA – specific aspects	15	Waterfall, lake; high and old trees
Environment, mountain landscape	5	
Recreation and hiking, trails	6	Focus on active tourism
Culture (total score):	18	
Georgian food	5	
specific attractions relating to food	5	Wine tasting, grape harvesting, fresh and organic products in meals
Hospitality, feeling at home	6	Creation of “family situation”
Churches, other monuments	2	less prominent than in other regions
Total number of mentions	70	Nature offered by PA; culture offered by hosts

(N=23)

thorities at the country level. All parties agree that peace in the wider Caucasus region is key to tourism development.

5.4 Civil society organisations

Civil society actors, supported by bilateral and multilateral donors, have been important for tourism promotion and for development at Lagodekhi in general. Their engagement has also benefitted the guesthouse sector. In 2016, for example, an *Ecotourism Development Strategy and Action Plan for Lagodekhi Protected Areas* (KHARTISHVILI 2017) was prepared by a Georgian NGO, with funding provided by BMZ (*German Federal Ministry for Economic Cooperation and Development*) through KfW (*Kreditanstalt für Wiederaufbau*). The strategy was

developed with the participation of the key stakeholders, including guesthouse owners, the local authorities, and representatives of the PA. In the same year, CARE, mandated by ENPARD (*European Neighbourhood Programme for Agriculture and Rural Development*) prepared a development strategy for Lagodekhi Municipality in close cooperation with local stakeholders organised in the *Lagodekhi Local Action Group* (LAG) (LAG 2016). The Programme included a community-based tourism support component managed by CARE, of which guesthouse owners benefit through grant money. CARE is also offering training for guesthouse owners. The NGO has also helped establish a website for the area (<https://visitlagodekhi.wordpress.com>). As our survey shows, CARE’s activities are well known to all owners and much appreciated. Two guesthouses reported receiving grants for expansion and renovation while four proposals were not successful; currently, four guesthouses have proposals pending.



Fig 6: Exposure to local cuisine: host and guest preparing dinner together (Photo: Beatrice Born 2018)

5.5 The issue of the tourism association

While cooperation between guesthouse owners, local authorities and civil society organisations has been well established, with each party having its tasks, cooperation between guesthouses appears to be less simple to achieve. This is illustrated by the issue of forming a local tourism association suggested by NGOs. Half of the guesthouse owners think such an institution could be helpful for improving the own business, for giving them more weight vis-à-vis authorities, donors, creditors, and tourism

promoters, and for strengthening the position of Lagodekhi on the Georgian tourism map. The other half of the owners are sceptical. They say they can manage by themselves and by their own networks. Others fear that their business ideas might be copied by others, which has allegedly happened in the past. Others say they have too much work and no time to attend meetings. Overall, there is widespread scepticism concerning the mandate, management and benefits of such an association.

6 The future of guesthouse tourism and COVID-19

6.1 Prospects for guesthouse tourism before the pandemic

Before the pandemic, the future of tourism was perceived as very promising by local key actors, guesthouses, the municipality, and civil society organisations. Our survey in 2018 revealed that 22 of the 23 guesthouses wanted to attract more tourists in future, with a preference for European and Western guests. The increasing number of visitors in the PA over the last decades shows that this wish was not unrealistic. The guesthouses aim to develop quality and quantity components of their business. Relating to quantity, their focus has been on increasing the number of rooms in the coming years (15 out of 23 owners). This includes building cottages detached from the main house to increase privacy for guests or offering campsites within the compound to attract younger tourists. If all these plans were to be realised, the total overnight capacity would grow from currently 382 to about 500 places, an increase of 30%. These figures relate to the existing guesthouses only. 21 of 23 guesthouse owners mentioned a wide range of improvements in services and infrastructure quality, such as increasing the number of bathrooms and toilets, adding balconies, wine cellaries for degustation, embellishments such as yard decoration, playgrounds for children, organising music events, establishing a home museum of local culture, producing a video on the history of Lagodekhi, to mention only the most important projects. Several motives drive these planned improvements: firstly, the generation of more income from the guesthouse (12 mentions), or as one owner put it, *“to have a good life for myself and the family”*, or in the words of another owner, *“to bring living conditions of Europe to Lagodekhi.”* Secondly, non-economic motives based on the traditional role of

a host as elucidated earlier were equally often mentioned. This includes the wish for deepening contacts with tourists, increasing cultural exchange and hospitality (*“we want to give them a family situation in our house”*), and creating an atmosphere for tourists to feel at home: *“for them, we are the face of our country”*, or: *“guests are like ambassadors for us back in Europe”*. Three elderly owners said they accommodated tourists in order *“not to feel alone”*, as they had retired from work and their children had moved out. Other motives included the wish to keep abreast of development, and to put Lagodekhi firmly onto the tourism map of Georgia. Many owners wished Lagodekhi had an attractive motto or slogan, following the example of nearby Sighnaghi, a prominent tourism town (*“Sighnaghi City of Love”*). Tourism was also seen as a means to reverse emigration by motivating young people to stay or to come back home. Guesthouse owners also agreed that diversification beyond and within the PA would help increase attractiveness and referred to the planned Tree-Top-Trail as an example (Box 2). The PA management planned to expand the trail network and to offer more guided tours. The management also wanted to develop indicators for maximum visitor numbers and address littering around the PA entrance. The municipality in turn planned to improve the town water supply system. The civil society organisations active in Lagodekhi stressed the importance of the PA for tourism. In their eyes, the lack of entertainment opportunities in the town and the high seasonality of tourism limited this potential.

6.2 The effects of the pandemic

Global tourism has been heavily affected by the COVID pandemic, and so was Georgia, as shown in the introduction of this paper. Our re-survey in early 2021 allows picturing the effects of the first year of the pandemic in Lagodekhi (2020). The great majority of the houses reported a drastic loss of overnight stays for that year, especially relating to foreign guests. The loss is reflected by visitor entry numbers of the PA in 2020 as compared to 2018 (Tab. 7): domestic entries were down to 13%, and foreign entries to as little as 4%. The figures for 2021 are slightly higher, but still far from reaching pre-pandemic levels. Three guesthouses remained closed in 2020. While the loss of domestic guests was less severe and two houses even reported a higher number of Georgian guests, this did not compensate for the loss of the international clientele (Tab. 9).

Box 2: Tree Top Trail in Lagodekhi Protected Area

To add to the attractiveness of the Protected Area, there are plans to construct a Tree Top Trail next to the entrance of the PA. It will start below ground, enabling visitors to experience the root world of the trees. Along the course, a net is planned for people to walk around and experience the sense of floating in the air. Moreover, a closed sphere will be built where movies and other information can be projected. The aim of the Trail is for visitors to create awareness of nature and get a better understanding of how it works. A playground for children will be added to increase attractiveness for families. The project has been initiated by *World Wide Fund* Caucasus Programme Office, with funding from the *German Economic Cooperation Ministry* (BMZ) and the *German Reconstruction Credit Bank* (KfW). The project will cost 3.5 million Euro according to the information obtained during our survey. It is not fully funded yet, which has delayed construction work to date. All local parties with a stake in tourism pin high hopes on this project. In their eyes, it will provide a unique selling point for the area, as it will be the first such installation in Georgia. Visitor numbers to the Protected Area are expected to double to close to 80,000 per year, overnight stays to go up, and visitors to come year-round instead of only seasonally as today (SOBOTA 2018).

Another question is how the pandemic and the loss of guests has affected the plans of the guesthouse owners to expand and enhance their enterprises. As shown above, the guesthouse owners had very clear plans for the development of their enterprises in 2018. When asked during the resurvey in 2021, whether and how the pandemic had changed these plans, the overwhelming majority said that these had not changed. Waiting for better times was the motto of most owners: *“My plans have not changed; I have the same plans. We are waiting for the end of the pandemic, for open borders and more tourists to come than before”*. Two larger guesthouses had constructed a swimming pool in 2020, one of them had added cottages and the other a new restaurant. Overall, the prevailing attitude was based on the expectation that normality would soon

return. This was an erroneous assumption as the entry figures of the PA for 2021, the second year of the pandemic, show (Tab. 7).

The pandemic has also affected the multiplier effects of the guesthouse sector. The resurvey in 2021 revealed that the number of guesthouses offering employment had declined from 11 to 8 houses, mostly the larger ones, now offering 35 positions instead of 46, a loss of 24%. One might have expected a larger drop considering the great reduction in visitor numbers. Added to this is the effect of the pandemic on the local food market and the construction sector.

To sum it up, the situation in Lagodekhi illustrates the vulnerability of tourism at the local level to major international crises, this time appearing in the form of a pandemic, especially if tourism is based on international guests. Data from many tourist areas around the world suggests that domestic tourism has been less affected, and this appears to be the case for Lagodekhi, too. It remains to be seen if this trend will continue after the pandemic, and to what extent it can compensate for the loss of international visitors.

Tab. 9: Number of guests in guesthouses in 2020 as compared to the years before

Number of guests in 2020 as compared to years before	Number of guesthouses hosting:	
	<i>foreign guests</i>	<i>Georgian guests</i>
same number as before (<i>or more</i>)	0	5 (2)
about three quarter of those before	0	6
about half as many as before	0	2
about a quarter of those before	5	0
less than a quarter of those before	9	2
almost no guests	7	6
Total guesthouses	21	21

(N=21)

7 Discussion

Tourism in Georgia has developed into a key sector of the economy in recent decades. While the hotspots are the coast and the capital, a small, but increasing number of tourists visit the country's mountain regions, especially the Greater Caucasus. In response, residents have begun to invest in tourism, including in local guesthouses. Such small local family-based enterprises, a case of private entrepreneurship,

present a new form of tourism in Georgia, as in many other parts of the post-soviet world (SHAGOYAN 2016, IASTREMSKA 2020, IORIO and CORSALE 2010). Our study on Lagodekhi presents key aspects of this new form of tourism:

Small owner-occupied, family-based enterprises with a key role for women

Most guesthouses are small. All are owner-occupied; the owners live with their guests in the same house or in its premises, which were the home of owner and family before the advent of tourism. Most owners are elderly people in their 50ies and beyond. At this age, many households have unoccupied rooms in their homes as some, or all, of their children have left the town in search of work. These rooms are used to host the tourists. Most of the owners are women, meaning that they run the business. While this is rooted in gendered labour division following traditional household practice (GUGUSHVILI et al 2019); we posit that it strengthens the position of women in the family and the community.

Beyond service provisioning: a triple motivation for hosting guests

In addition to food and accommodation, all guesthouses offer a range of services free of charge with a focus on local culture; a surprising fact given that they are newcomers to tourism, and an ideal complement to the nature-based attractions of the PA. Motives to engage in tourism include the income aspect, i.e., the commodified business side, engaging service provider and client. Equally important is the wish to represent the country well, and to make visitors feel at home, with a host-guest relationship based on hospitality which is not commodified and deeply rooted in Georgian culture (GUGUSHVILI et al 2019). The guest-host relationship creates a sense of belonging, even intimacy for both parties, as it can be observed in similar settings in other parts of the world (for example in agrotourism in the Swiss hill regions (WIDMER 2017). Such an experience is lacking in mass tourism and constitutes a *unique selling point* (USP) of the guesthouse sector. If the guesthouses in Lagodekhi continue to grow in number and size as they plan to do, safeguarding this USP could become a challenge for both hosts and guests, and for the town community as a whole (APPLIS 2019).

Diversified incomes

With the exception of the few largest houses, owners and their families have diversified incomes.

Overall dependence on tourism thus appears to be smaller than, for example, in a farming community (SALUKVADZE and BACKHAUS 2020), which offers less income alternatives than a small town like Lagodekhi. Even though tourism is seasonal, it has helped improve the livelihoods of the owners and their families; while the enterprise has priority for investment, all owners assure that money is left to satisfy personal needs. The dependence on international tourists mainly from EU countries and Russia is rewarding in financial terms but has its risks, as the COVID pandemic has shown.

An enabling political-institutional environment

While private entrepreneurship has been the foundation of guesthouse tourism, an enabling political and institutional setting has been instrumental in establishing it. This setting includes the government, which runs the local PA, the key attraction at Lagodekhi; has established new PAs across the country with the aim of encouraging tourism alongside environmental conservation; and has adopted a policy of open borders and promoting the country abroad. Bank credits have been available, and guesthouse registration procedures are simple. NGOs, both national and international, have helped with training, institution-building and financial support and were allowed to do so by the authorities, with funding provided largely by international donors.

Limited outreach

Guesthouse tourism must be put in perspective, though. At the national level, it accounts for only a small share of visitor numbers as yet. In Lagodekhi the guesthouses benefit but a tiny fraction of the town population. Multiplier effects appear to be limited, as in rest of the country (KHELASHVILI 2018). Guesthouse tourism in Lagodekhi involves primarily prospective individuals, their families, and a few employees rather than the town community as a whole. This may be different in smaller and more rural settlements, especially in the high mountain areas. In Lagodekhi, it might be of interest to look into the reasons why the great majority of the population does not engage in guesthouse tourism, and probably in tourism in general.

COVID and vulnerability

COVID has revealed the vulnerability of international tourism, also in Lagodekhi. Before COVID, the hope for growth expressed by all guesthouses was not unrealistic in view of development over the last 20 years. Then came the

pandemic. Interestingly, the owners have not (yet) changed their plans for the future. They expected normality to return soon, an erroneous assumption as we now know. In Georgia, tourism has been affected severely in comparison to other industries (UNDP 2021). Guesthouses might be more resilient than large-scale structures, though. What helps is that the pandemic is less prominent in summer, the main tourist season, and that domestic tourism may fill part of the visitor gap. Incomes are diversified in most cases. Moreover, most of the guesthouses rely on family resources and they are the home of the owners, which helps avoid financial obligations (e.g., loan payments, rental charges).

8 Conclusion

To conclude this study, and to summarise discussions with different stakeholders in tourism in Georgia, we wish to share the following ideas relating to the future of guesthouse tourism in Georgia, and Lagodekhi in particular:

- *hospitality* is a key asset in this tourism sector. It should be safeguarded and preserved. Growth should be managed carefully and focus on quality rather than quantity, also regarding the size of guesthouses. The next generation of owners should be aware of its value.
- to *increase the attractiveness* of Lagodekhi as a tourism destination, nature-based offers could be broadened, especially in the PA, including the treetop trail as a special attraction. Culture-based events could be organised such as dancing workshops, already now offered for local people. These could be placed in low-tourism periods to extend the tourist season.
- *domestic tourism* should be promoted; while it did only partly compensate for the loss of international guests, it has proved to be less affected by the pandemic, with domestic visitor numbers even increasing in some cases, a trend observed also in other tourist regions around the world. This may need adaption of services (and price levels) to the needs and possibilities of domestic guests.
- a *local tourism association* could help increase cohesion among all actors engaging in tourism and strengthen their position vis-à-vis authorities, donors, creditors, and tourism promoters, and in putting Lagodekhi on the national and international tourism map. It could also help in providing the organisational capacity for event

management and in developing a marketing strategy including an attractive brand. In other parts of Georgia, such associations have shown their merits; visits to learn from these cases could help overcome the current widespread local scepticism towards such an institution.

- The development of *local tourism supply chains* would increase local multiplier effects and have a positive impact on the local community. We suggest putting into practice mechanisms such as incentivising the use of local products, connecting local farmers with tourism actors, and labelling guesthouses which promote local products.
- *Political stability and peace* at national, regional and international levels are indispensable for tourism. This is an afternote added in reaction to the political tensions in the Caucasus, of late between Armenia and Azerbaijan, and to the war between Russia and Ukraine, which broke out as this paper was under review (February 2022).

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