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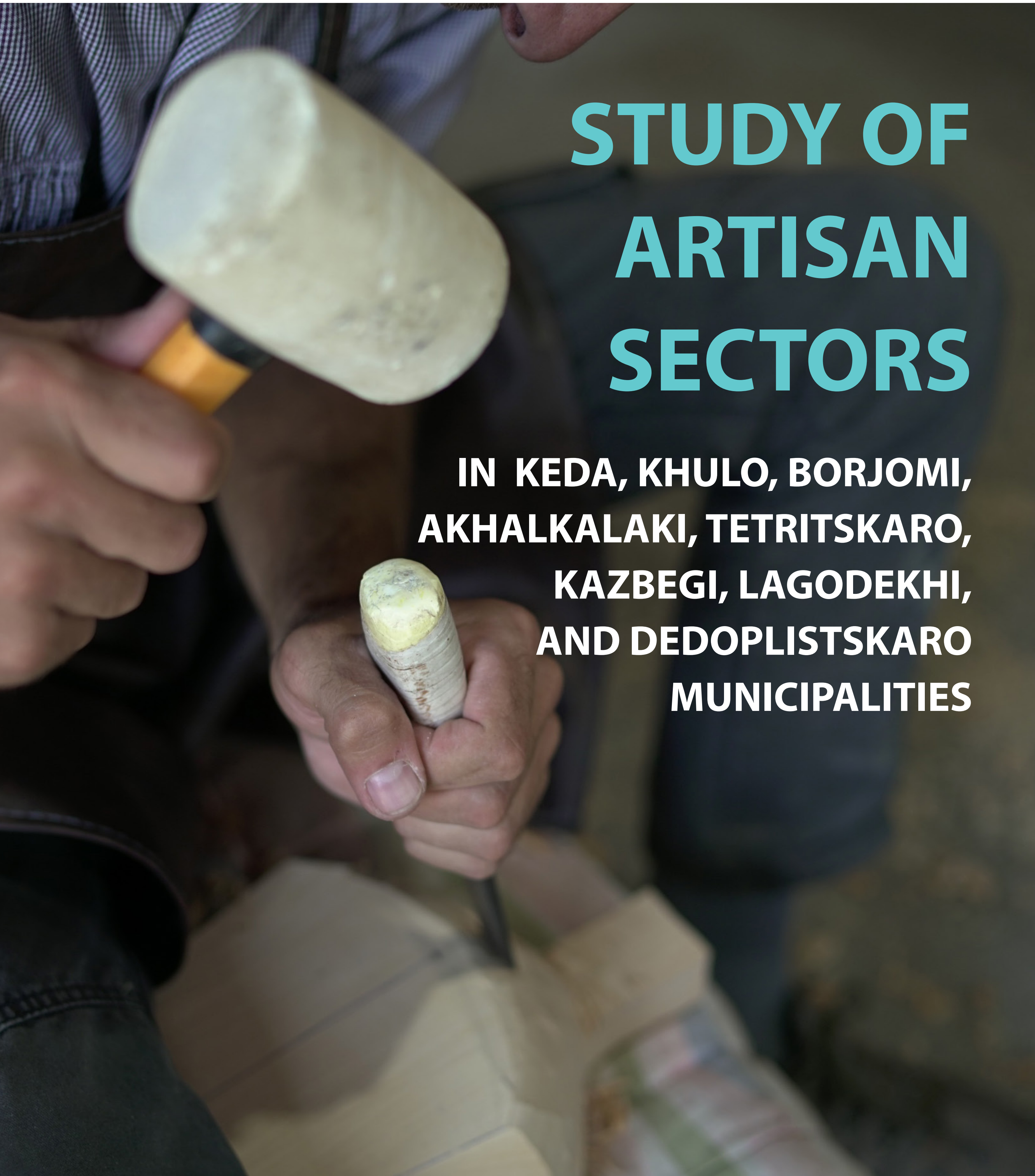

STUDY OF ARTISAN SECTORS

IN KEDA, KHULO, BORJOMI, AKHALKALAKI, TETRITSKARO, KAZBEGI, LAGODEKHI, AND DEDOPLISTSKARO MUNICIPALITIES

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1 THE BACKGROUND

A vibrant small and medium-sized enterprise sector is a vital ingredient for a healthy market economy, which can then serve as a constituency seeking sound economic governance. As a business with less investment and closer ties with local traditional resources, the crafts sector has significant development potential for rural areas in Georgia.[1]

Every Georgian province has been distinguished by its diversity of crafts techniques, color combinations, and ornamental patterns developed throughout centuries. However, the sector was especially thriving between the 18th - early 20th centuries, when artisanal guilds were actively involved in supplying the growing demand in the local market (tableware, rugs, weapons, etc.).[2]

During the Soviet period, some craft fields exported to other countries of the Union became industrialized (e.g., silk textiles[3]), while on the other hand, manually produced arts-and-craft goods became "souvenirized" with standard and less functional categories and often kitschy designs.[4] After the collapse of the Soviet system, crafts subsidized mainly by the state became one of the hardest-hit sectors leaving artisans with very limited self-employment potential, weak business skills, and practically no access to new markets. Due to these factors, some artisanal industries drastically declined (e.g., textile industry silk production).[5] This process has been further enhanced by the acceleration of rural-urban migration.

The recent revival of the artisan sector in Georgia is tightly linked with tourism, which on the one hand has fostered the launch of new craft businesses, but on the other hand, its rapid development during the last 15 years[6] has led to the emergence of cheap, low-quality products abundantly found at tourist sites (e.g., in Kazbegi or Borjomi).

Furthermore, the grant schemes intensively launched during the last years by international donor organizations or state programs, e.g., Enterprise Georgia,[7] significantly supported the development of artisanal businesses in rural areas. The particular focus of these programs is often made on the refurbishment of technical equipment and production capacity up-scaling. Nevertheless, the supply of input materials, as well as the product quality and compatibility with customer demand (design, function, finishing, and packaging) and access to new niche markets, still remains a hindrance for the growth of rural artisanal businesses.[8]

Finally, the COVID-19 pandemic and the closure of borders for international tourism was a recent and most significant setback for craft businesses in rural areas. Due to the lack of digital skills, existing language barriers, and logistical problems, they suffered a drastic cut in their average annual income.[9]

2 THE SCOPE AND AIM OF THE STUDY

Studies of the artisan sector[10] in the municipalities of Keda, Khulo, Borjomi, Akhalkalaki, Tetritskaro, Kazbegi, Lagodekhi, and Dedoplistskaro were carried out July-August 2020 with the support of the EU-funded program Improving the Delivery of Rural Services in Georgia (ENPARD III), implemented by UNDP.

The methodology applied involved desk studies which brought together data about more the 350 artisans in the target areas and surveys - 70 quantitative interviews (see Annex. 2) with local individual makers, crafts SMEs and young entrepreneurs; 10 in-depth interviews (see Annex. 3) with representatives of local government, education centers, local museums, professional associations, and social enterprise owners.

As a result, the study brought together the overview of key technological groups and major artisan businesses in the surveyed areas, accumulated information on their type and size, gender-related topics, youth engagement and skill development issues, challenges connected with material supply, workshop infrastructure, and production-related topics such as the quality of final products, pricing, distribution, offline and online marketing channels, branding, packaging, and promotion. In addition, the study shortlisted the most important factors[11] affecting the crafts market per region, and the recommendations emphasized possible support measures for artisans' business development and technical support, marketing enhancement measures, as well as specific evaluation criteria both for crafts production and artisan workshops applying for funding in the framework of the Rural Development Program.

3 THE OVERVIEW OF THE EXISTING RESOURCES AND CHALLENGES OF ARTISAN SECTOR IN TARGET MUNICIPALITIES

3.1. The Main Technological Groups per Municipality

The study revealed the general picture of the existing resources in Keda, Khulo, Borjomi, Akhalkalaki, Tetritskaro, Kazbegi, Lagodekhi, and Dedoplistskaro, which in turn, have been determined by the local natural resources, raw materials, and subsequent craft techniques practiced by the generations of local artisans: the mountainous Adjara (Keda, Khulo Municipalities) are historically famous for textile (colorful embroidery, knitting) and woodworking traditions, Akhalkalaki and Borjomi well known for stone and wood carving traditions,[12] Kazbegi as a mountainous region acknowledged for sheepskin hats and embroidery, Tetritskaro for its wood and metalwork,[13] and the east of Khakheti, such as Lagodekhi and Dedoplistkaro, for rug weaving.

Based on the survey carried out in summer 2020, today, the leading technological groups in these municipalities are textiles, followed by woodworking, cloisonné enamel, and ceramics (for detailed figures, see Annex 2).

3.2. Type and Size of Artisanal Businesses

The craft businesses in these abovementioned rural areas act mainly on the level of individual or micro-enterprises. According to the data collected in the framework of the particular study, 51 percent of local craft producers in target municipalities are still not registered in the revenue service. Among those who run their businesses officially, the majority have a legal form of individual entrepreneurs (sole proprietors, 80 percent) with either micro or small business status. Only 5 percent has LTD status, which is typical to those who simultaneously run other, mostly tourism-related businesses (e.g., hotels, restaurants, etc.). Several community groups are registered as non-governmental, nonprofit organizations (15 percent).

According to the data collected, micro-enterprises in the target municipalities mostly employ up to 5 individuals. In contrast, very few relatively larger enterprises (e.g., Persvebi Art studio in Dedoplistkaro, “Rusa Makes for You” in

Heretiskari) employ a maximum of 10 individuals, and all have an annual turnover below 100,000 GEL (limit required for VAT Registration in GE). As a result, most artisan enterprises remain small, undercapitalized, and niche in market reach, which is typical for the entire sector in Georgia.[14]

3.3. Gender

Handicraft as a resource is vital for women's economic empowerment and social inclusion, especially in the mountainous rural areas (e.g., in Khulo Municipality), where it can act as an alternative to hard physical labor. According to the data collected, female artisans run 58 percent of crafts businesses in the target municipalities. In contrast, the female labor force represents 88 percent of the employed staff of surveyed artisanal businesses, including those involved in both the making process and administrative operations.

Gender distribution by technological groups shows that woodwork (94 percent), metalwork, and ceramics are made mainly by men, while textiles are predominantly produced by female artisans (98 percent). As for cloisonné enamel, the distribution of genders is relatively equal from municipality to municipality.

Local women NGOs, adult education centers, and LAGs in the target regions act proactively to empower rural women. However, their actions mainly focus on skill development (offering learning opportunities) and/or social inclusion and rarely involve business enhancement, i.e., entrepreneurial capacity building or marketing support, etc. Therefore, women's engagement in handicrafts businesses is often part-time in parallel with housekeeping responsibilities.[15] According to the interviews held in the framework of this study, 54 percent of surveyed women perceive their handicrafts as secondary businesses. Therefore, their businesses often remain at amateur levels, highly dependent on grants to cover input costs and sporadic opportunities to sell in local fairs or charity sales organized by donors/support NGOs. Based on the survey data, the average annual turnover of these female (54 percent) businesses remains under 1000 GEL.[16]

Female artisans, however, are more likely to be at the forefront of innovation,[17] which makes their involvement in prototyping and innovative product development easier.[18] Success stories that show how some rural female artisans managed to turn their hobbies into successful startups are good examples showing how the support of business skills development and product development (consultation in design, creation of new collections), as well as the relevant support in marketing, can be an important step toward the economic empowerment of female artisans in rural areas.[19]

Among factors impeding the growth of women-owned businesses is the lack of rights to property, which is key for women to access credit and engage in profitable business investments.[20] Another hindrance to legalizing rural makers' engagement in craft businesses is connected with regulations and the criteria of Georgia's Social Assistance Program[21] targeting populations living below the poverty line. In addition, according to the study, representatives of socially vulnerable families resign to get remuneration for their work via bank transfers to avoid discharging from SAP, which creates further problems for their employers to legalize expenditures.[22]

3.4. Sub-sectorial overview

3.4.1. Input Materials

Availability and access to materials remain a crucial challenge[23] for local producers in target municipalities. Access to materials has been indicated as the main problem by 37 percent of interviewed artisans. The underlying problems are connected either with environmental regulations on the use of materials (e.g., certain types of timber or stone) or the lack of local raw material-processing facilities, complicating the logistics of craft production.

The artisanal micro-businesses working in sewing, embroidery, crochet, and needle knitting technological groups depend on imported materials[24] as there are practically no material-processing facilities within the country. The silk and linum cultivation and processing traditions historically developed in Kakheti and Keda[25] are no longer in practice.

The only local raw material used in handmade textile production is wool. The wool processing facilities are located in Akhmeta Municipality,[26] where the supply chain is tightly linked with the sheepherding traditions of the Tushetians still residing in the mountains.[27] Among the qualities of this local wool, one could name resistance to humidity as well as some medicinal qualities along with insulation. Furthermore, it is easy to spin, felt, and dye.[28] However, due to its coarse texture, local wool yarns or felted fabrics are not always appealing to customer demand; therefore, artisans often replace local wool with imported and far more expensive merino wool (100GEL per kg when local wool costs 7-10 GEL per kg), which is of a softer texture. The absence of alternative raw materials to replace the coarse local wool makes the diversification of local textile products more difficult.

Natural dying is mainly applied to the yarns in rug and carpet weaving in Dedoplistkaro (Pesvebi Art Studio). According to the survey, few artisans dye yarns or wool only for personal use.[29] Being an intensive and labor-consuming process, products that are naturally dyed are more expensive; without proper packaging and tags, these materials make for challenging sales (high-end products from Pesvebi Art Studio range between 100- 3000 GEL. See Annex 1, p.17).

Woodwork is another sector where materials' supply and limited access to high-quality wood hinder up-scaling artisanal businesses in rural areas. Environmental regulations of the use of forest resources,[30] large amounts of hardwood exported from Georgia, illegal logging, and the lack of legally registered suppliers contribute to the unstable supply of domestic timber resources[31] and subsequent delivery delays for artisan products in case of bulk orders. Furthermore, other raw materials like leather or horn in higher areas like Adjara, Akhalkalaki, and Kazbegi, where locals still make their living with livestock, are hardly utilized, which leads to wasted resources, while similar imported materials remain very expensive.

Another critical problem with the input material supply is the fact that some materials (cotton and silk embroidery yarns, needles, fabrics, and a variety of dress accessories, e.g., laces, loops, and tassels, enamel glazes, etc.) are only available in major cities and some only in Tbilisi due to limited demand in rural areas. This is a critical impeding factor that complicates the production process involving high expenditures connected with travel and wholesale purchases.

3.4.2. Artisanal products

The artisanal products in surveyed areas are mostly made by hand in limited quantities and are generally targeted for sale in local markets. According to data collected in the survey, textiles and woodwork are the largest technological categories in target municipalities. Therefore, these two sub-sectorial groups have more significant potential to grow into larger businesses regarding the availability of a skilled labor force in these surveyed areas.

Textile products in rural areas are primarily made for local consumption or international tourists. The functional categories of handmade textile goods in surveyed areas include:

- **Crochet and needle knitted socks, gloves, collars, and hats** - Amongst the advantages of locally knitted products are the diversity of traditional patterns, which turn out to be very popular on local and online platforms.[32] Compared to more significant knitted pieces such as clothing, small accessories are less labor-intensive, require fewer input materials, and are more competitive in the market. However, due to the disadvantages of the local wool yarn, crafts makers often go for cheaper low-quality imported yarns as long as quality yarns are more expensive (70-80 GEL per kg), lowering overall product quality. Support with bulk orders to purchase materials and achieve consistency for collection lines would be a crucial step towards furthering the growth of these handicraft businesses in rural areas.

- **Felted slippers, scarves, toys, and Christmas ornaments** – These are found in abundance at local markets, and therefore, the competition is quite intense. Innovative designs (including revitalized forgotten traditional patterns) along with quality and functional compatibility, in this case, is crucial to find a unique niche in the market.
- **Embroidered accessories such as tablecloths, runners, collars, bags, and purses** – Embroidery being an extremely time-consuming work, is more efficient cost-wise for smaller accessories as opposed to traditionally larger textiles; therefore, the development of the enterprises with hand embroidered collars, bags, and purses, being in fashion, for the time being, could help in upscaling rural businesses for women.
- **Loom-woven rugs, carpets, bags, and purses** – If made with quality materials (e.g., naturally dyed yarns from Pesvebi Art Studio), rugs and carpets demand labor-intensive work are more for niche markets and therefore need further help to build up linkages with relevant buyers.
- **Sewn clothing and Accessories** - Mostly made in local ateliers (Ghorjomi in Kulo), these are in demand at local markets. However, strategies for these rural businesses must bear in mind the inconsistent supply of materials.

Wooden products are especially typical for mountainous municipalities of Adjara, Borjomi, and Tetritskaro, areas rich in forests. Woodwork is characterized by a workforce that is 94 percent male. The main functional categories are furniture, household utensils, religious items, wood-turned tableware such as bowls, plates, boxes, baskets, etc. Smaller categories include wooden jewelry, toys, musical instruments, etc.

Wood carved objects are mostly large furniture (e.g., Snoveli products from Kazbegi, Chankseliani in Tetritskaro) and are dependent on orders from local customers (e.g., for religious use). Small-sized tableware and souvenirs often have finishings that use hazardous lacquer, limiting their function to decorative use only.

Baskets (typical for mountainous Adjara) are mostly made of local hazelnut branches that are coarse and simple in design and can only serve for agricultural purposes. Innovation could lead to the diversification of the basket lines to meet the need of the interior decorations market.

Cloisonné Enamel products abundantly found in the local market are marked mainly by low and medium-quality output and high competition. The ready-made cast forms used by the majority of enamel makers bring standardization to production, and shapes look similar. Contemporary trends, including alternative body jewelry and unusual pins and styles, are rarely found in the market.

Metalwork and ceramics products in surveyed municipalities are exclusive and niche compared to the other regions of Georgia. The ceramics produced in Tetritskaro, or the swords and daggers adorned with niello, silver, and gold inlay made in Arboshiki (see Annex 1), are of medium quality and competitive in price, though dependent on the tourist market.

The overall observations on the common features of artisan products in target municipalities include: the typology of products is often determined by mass tourism's demand for cheap souvenirs, meaning low quality and no connection with the place of origin. As a result, most artisanal products lack compatibility with the market demand regarding quality, functionality, and design. Therefore, even though they might sell in small quantities at local tourist sites, their competitiveness compared to the crafts made in the capital is relatively poor. Furthermore, there is a lack of incorporation of site-specific local themes in product design (i.e., designs related to particular cultural heritage), lack of branding, proper packaging, and storytelling materials to accompany the products. As a result, visitors with higher buying potential will have limited choices when purchasing locally made quality products with the sense of where they were purchased. Furthermore, the retail nature of crafts production limits wholesale order possibilities.

4 PRICING

Based on the survey, the dominant price category in the crafts market in target municipalities ranges between 25-150 GEL. The prices of products made of imported materials fluctuate according to currency exchange rates. The majority of craft makers have no special knowledge of pricing techniques (calculation of direct and indirect costs, margin), and therefore, the pricing policies are varied from product to product. Overall, the price categories compared to the quality and designs of the products are primarily high, makings margin pricing for shops and buyers more complicated. According to the study, the standard margin of local shops for crafts products varies between a 100-150 percent mark-up.

The handmade nature of artisan products with embedded limits on skillful human resources often leads to the fact that the difference in retail and wholesale prices is minimal. The high purchase price of Georgian craft products remains among the key problems for exporting on the global market and networking with international buyers.[33]

5 DISTRIBUTION AND MARKETING

As a tourism-related sector, the crafts business is a seasonal one. The majority of surveyed artisans—until 2020—sold 60 percent of their works during the late spring to early autumn period. Christmas time, however, is also regarded as a profitable season. The slowest selling period during the year is usually January-March.

Craft businesses have been significantly affected by the COVID-19 pandemic. According to the data collected in this study, this negative impact is especially evident for those larger entities with more production capacity, which were producing souvenirs. On the other hand, workshops, which were getting orders from local customers, seem less affected. Overall, the average decrease in sales after COVID-19 in given rural municipalities is 70 percent. This once again highlights the importance of diversified sources of income and the significance of local customer-oriented products alongside the tourist-centered approach.

Common distribution channels include direct contact with shops and marketing spots beyond the surveyed municipalities. The use of the Georgian Post's services for shipping products is gaining popularity among young rural artisans.

According to the data, the common offline marketing channels mainly include:

- **Local fairs:** site-specific and seasonal celebrations, festivals, and fairs, which are utilized mainly by those who try to keep their business at an informal level or do not depend on their sales (social enterprises, art schools, adult education centers). These fairs usually lack any unifying concept or quality control.
- **Artisanal Workshops:** for direct marketing (on-site sales, orders)
- **Souvenir shops:** offer products of low cost and quality and mix imported and local products with no clear indication of provenance. In some areas, indigenous artisans rarely cooperate with local shops, while access to boutique stores in Tbilisi remains challenging for rural makers.

Online marketing: Online marketing channels have become more and more popular in the craft market. Until 2020, artisans mostly used social media platforms e.g., Facebook and Instagram. After the first wave of COVID-19, many artisans from rural areas have been increasing digital marketing activities offered by different donor organizations (USAID Economic Security Program,[34] USAID Zrda Activity in Georgia, etc.). Despite these efforts, due to the lack of language skills and technical know-how necessary for communication with international customers, the effective use of e-platforms is still a big challenge for the majority of rural artisans.[35] The extremely high cost of international shipping offered by companies with timely delivery is another acute problem with the digital marketing of Georgian crafts products. Quite often, the cost of transportation exceeds the price of the product several times.[36] The Georgian Post's services, which are relatively cheap, take from two to four weeks to deliver products to Europe, the US, or Australia. There are few new companies in the market, e.g., Boxette, which offer storage facilities in the US. However, this service would only be relevant to those Georgian sellers who are already established in the international digital market. Another key issue in the way of the industrialization of the artisanal sector in general, but especially with digital marketing, is the retail nature of handmade products,[37] which makes their online marketing a challenging job involving continuous photographing, description writing, and uploading routines. Standardizing and piloting some serial production within the limitation of handmade lines is now considered an important step towards getting wholesale orders and increasing overall artisanal turnover.[38]

6 INFRASTRUCTURE AND WORKING CONDITIONS

Despite the wide range of recent grant schemes offered by the state and donor-funded programs, the majority of workshops (70 percent) still need infrastructural support – refurbishing equipment, optimal development of studios, and interior decorations. Unfortunately, some donor-supported workshops have been renovated with modern imported materials, often leading to the loss of authenticity.

The lack of knowledge on how to transform crafting processes into demonstration sessions and masterclasses, lack of communication with the tourism industry, weak digital presence (Google Maps, Tripadvisor, etc.) leads to a situation where economic benefits for locals are not fully leveraged.

7 YOUTH ENGAGEMENT AND SKILL DEVELOPMENT

The survey showed that the most prominent age categories are the mature masters between the ages of 46-55, with 24 percent, and 56-65 years, with 22 percent. Relatively young makers are between 26-45 years (22 percent) and 18-25 years (14 percent). The elderly 65+ makers form 17 percent of the artisans in surveyed municipalities.

According to the survey, today, 35 percent of artisans are involved in teaching their craft by giving private lessons or teaching in art centers, parish schools, adult education centers, or vocational educational institutions. Municipal art-schools, which are located throughout the surveyed municipalities, play an important role in the transmission of craft skills (e.g., Keda, see Annex 1). These courses are mainly targeted at teenagers. The curricula of these schools, though, are often relatively standardized with no special connection to local crafts traditions and vernacular knowledge, typically offering textile courses to young girls and woodcarving to boys. Courses for professional development offered by adult education centers (Leliani in Lagodekhi, Keda, Koda etc.) often involve craft skill development courses with a duration of two to three months[39].

The problems of crafts education are also common for vocational schools. As a transition country, Georgia is implementing reforms for education and training, qualifications and employment policies to better match qualifications and labor market needs. However, there is still a gap between craft skill development vocational education modules and the qualifications required to stay employed (or mostly self-employed)[40] in the crafts market due to a lack of business and technology education.[41] Furthermore, there is a weak linkage between the vocational schools and private craft companies, which could act as potential training enterprises to deliver vocational education programs for better work-based learning opportunities.[42]

8 RECOMMENDATIONS FOR THE DEVELOPMENT OF THE ARTISANAL SECTOR IN TARGET REGIONS

The craft industry, as a multifaceted sector with many cross-cutting issues, is tightly linked with cultural, economic, social, educational, and environmental sectors. Therefore, to leverage the craft sector's development potential in the target municipalities, state and non-state actors should agree on the significance of this industry as an attraction and cultural asset while recognizing its importance for job creation, social integration, and rural development.

At this stage of development, the success of rural artisanal businesses first and foremost depends on the craft's product quality, design and functional compatibility, compliance with the consumer demand, and proper branding, which must be followed by further support for marketing activities.

8. 1. Artisanal Product Development

Boosting rural artisans' business capacity and helping them to develop new lines of products and services with higher selling potential are among the first-aid activities upon which further marketing and promotions strategies must draw. Product development must contribute to making crafts more appealing to the contemporary market and achieve diversified product lines in terms of functional compliance and design, pricing, branding, and packaging. The production of prototypes and their testing in the market as part of increasing sales are essential inputs, which strongly encourages from-hobby-to-business transition of rural artisanal businesses.[43] The standardization of serial production while maintaining the value of handmade crafts is another important step towards digital marketing and wholesale orders.

8.2. Access To Materials/Raw Material Processing Industry Support

As mentioned above, accessing materials is amongst the top challenges hindering the production process in rural areas. This is due to the unavailability of raw materials processed by local facilities causing a scarce and unstable supply chain and on the absence of material supply shops nearby in rural areas. This slows down the craft production process (i.e., in case of larger orders) involving high expenditures connected with travel.

- **Support in the development of local raw material processing facilities** – Supporting small enterprises to process local raw materials, e.g., high-quality dry wood, wool/yarn, etc. will significantly improve the value chain of crafts production to become more consistent in terms of serial production and pricing in the long run. In addition, these facilities would support resource efficiency while simultaneously acting as additional job creation platforms for locals in given rural areas.
- **Mobilization and consolidation of other possible material supply chains** -- Involving professional organizations, local community groups, etc. could help with minimizing travel expenditure per each producer.

8.3. Marketing Support Measures

Marketing support is among the most significant actions for supporting artisanal businesses. These activities must target different types of consumers, including international visitors, buyers, and local customers. The latter became especially vital after the negative impact of COVID-19, which proved to be less painful for those artisans working for local customers. The particular crises once again highlighted the importance of diversified sources of income and the significance of local customer-oriented products alongside the tourist-centered approach. Marketing support measures include:

- **Support for the creation of sales facilities in regions** next to tourist information centers, local hotels and restaurants, and the strategic locations nearby regional museums,[44] historical monuments (e.g., Makhuntseti Waterfall, Beshumi, Goderdzi pass, Gergeti, Trinity Church road, National Park entrances etc.) to act as platforms for better marketing of local quality goods.
- **Fostering B2B linkages with buyers,** local tourism service providers, hotel and restaurant owners, etc.
- **Digitalization and mapping of the existing workshops** in the target municipalities on existing online applications (e.g., Tripadvisor, Google Maps).
- **Facilitation of artisanal digital marketing skills** (Etsy.com, Ebay.com) and links with shipping companies (Boxette, Georgian Post, etc.).
- **Enhancing the compliance of local craft products with export regulations in EU and US markets** through artisans' capacity-building activities per each technological group and creation of manuals.

- **Promotion of artisans** via short videos, digital masterclasses,[45] blogs, social media stories, informational tours for the representatives of tourist agencies, and publications.[46]

8.4. Technical And Infrastructural Support

Technical and infrastructural support is vital for rural artisans to renovate their equipment and improve/increase their production capacity. To avoid waste of resources, support with new technologies should consider the level of computer literacy of rural makers. Otherwise, technical assistance should be provided to help them get familiarized with new equipment. Support with new technologies should also consider the importance of keeping products handmade and avoiding complete mechanization, which might drop the value of the products as crafts works.

Craft tours are gaining popularity as authenticity and experiential values are becoming more and more crucial for high expenditure conscious tourism trending in the post-COVID era.[47] Therefore, the development of master-classes/demonstration processes into interactive, experiential practices is an important step toward diversifying income sources for local makers.[48] Support for renovating workshops while maintaining and enhancing the authentic local touch is an important measure to make these spaces more attractive and friendly to visitors. The use of authentic materials, furniture, and utensils should be a guiding concept for these support schemes. The capacity-building activities in this direction must focus on the importance of authentic, unique experiences, interpretation and storytelling techniques, use of technology and visual materials, and safety issues, including post-COVID sanitary regulations. In addition, the installation of unique

8.5. Bringing Together Formal And Informal Craft Skill Education

In order to promote craft traditions and encourage transmission from generation to generation, it is crucial to ensure its integration in the educational system at a different level. Notably, the measures might include:

- **Supporting artisan engagement in educational processes, in public school and skill development centers** e.g., the VET-Schools and adult education centers, to incorporate larger workshops in dual on-the-job learning as partners.
- **Supporting VET-Schools and AEC to include business capacity-building-related topics,** as well as craft product-and-service de-

velopment and marketing issues in their modules. Skill development initiatives should target traditional site-specific themes (as indicated per region), which will enable the creation of those niche markets in the tourism value chain diversifying local tourism products through youth employment and the engagement of local artisans.

8.6. Integration Of Professional Organizations

The abovementioned support will be more efficient with the active involvement of **central and local authorities, donor organizations, private sector representatives, and finally, professional networks** such as artisan guilds and associations,[49] which, as long term partners with strong sectorial ownership, are supposed to provide hands-on consultations to artisans countrywide beyond any support scheme's lifecycles.

ENDNOTES

[1] Based Georgian Heritage Crafts Association data, the number of artisan businesses in Georgia has been gradually growing during last 10 years from 1500 (See Comprehensive Study and Development Strategy of the Sector, Tbilisi, 2012, p. 81, https://www.gaccgeorgia.org/Crafts/GACC percent20Crafts percent20Sector percent20Study.pdf) to approximately 3000 units. The scale of these businesses is small i.e. 90 percent of artisan producers report turnover under GEL 100,000. The major market (70-80 percent) for Georgian crafts goods before 2020 was international tourism (see SECTOR AND VALUE CHAIN ANALYTICS by PMCG Research for USAID Economic Security Program, Tbilisi, January 2021, pp.64-66).

[2] Nadiradze K., From the History of Artisanal Organizations in Georgia, Tbilisi, 2018, pp. 38-39

[3] Abreshumis tsarmoebis shesadzleblobebi da bazris kvleva (Feasibility study of silk product market), 2015 (in Georgian) http://www.economy.ge/uploads/gidg/Silk_Feasibility_Study_.pdf

[4] The Heritage crafts in Georgia. Comprehensive Study and Development Strategy of the Sector, Tbilisi, 2012, p. 22-23 https://www.gaccgeorgia.org/Crafts/GACC percent20Crafts percent20Sector percent20Study.pdf,

[5] Ibid p. 23; 44; 63; Also see Sakartvelos shinamretsvelosbis da khelosnobis istoriistvis (History of Craftsmanship Sector of Georgia), Tbilisi, 1982, v.2. pp.238-244

[6] Georgian Tourism In Figures 2019, https://unstats.un.org/bigdata/events/2019/tbilisi/presentations/Session percent203/4 percent20- percent20Georgia percent20NTA percent20- percent20Tbilisi percent20- percent202019.pdf

[7] Enterprise Georgai, Annual Report 2020, p.7 file:///C:/Users/user/Downloads/606ea449f3169-Annual-Report-2020 percent20(1).pdf

[8] Some Capacity building/product development activities have been offered to the rural artisans in mountainous Adjara by the Adjarian Ministry of Education and Culture, which runs the Program to Support Intangible Cultural Heritage. Between 2016-2019 the program funded a series of workshops for product development for local artisans and grant support schemes for engenderer crafts fields (musical instruments, boat making, carpet weaving). The same program also implied artisan participation in festivals and fairs across the country. See: http://adjara.gov.ge/branches/description.aspx?gtid=375689&gid=6&fbclid=IwAR3Wk1cV_952lHkJpc69jJqivp8IhksecO1NH7q0PSpKeqi2ygAeogcEeksQ#.YIALNmczaUl; https://droni.ge/?m=5&AID=27607 and Samtskhe-Javakheti Region by USAID Zrda activity in Georgia. As a result, approximately 67 percent of beneficiaries transferred their hobbies into businesses. https://crafts.ge/ka/news/item/39

[9] SECTOR AND VALUE CHAIN ANALYTICS by PMCG Research for USAID Economic Security Program, Tbilisi, January 2021, pp.63-66.

[10] The artisanal sector in this study is defined in accordance with UNESCO's definition, which stresses the importance of manual work as a substantial component of the finished products, http://www.unesco.org/new/en/culture/themes/creativity/creative-industries/crafts-and-design/

[11] The selection was made based on either larger scale businesses or quality and cultural value and hence tourism development potential. See Annex 1.

[12] Samtskhe-Javakheti Region, Crafts Workshops' Guidebook, (by GHCA, funded by USAID Zrda Activity in Georgia), Tbilisi 2020, pp. 5-9 https://drive.google.com/file/d/1OwsCoSodxqg8UknCOwq2aw1qHBHvmnfH/view

[13] Kvemo Kartli Region, Crafts Workshops' Guidebook, (by GHCA, funded by USAID Zrda Activity in Georgia), Tbilisi 2020, pp. 6-12, https://drive.google.com/file/d/1WelU7kNYIp-AJuib9SWzlhvohEDMmSOt/view

[14] SECTOR AND VALUE CHAIN ANALYTICS by PMCG Research for USAID Economic Security Program, Tbilisi, January 2021, pp.64.

[15] Country Gender Assessment Georgia, 2021, p.51 http://documents1.worldbank.org/curated/en/407151616738297662/pdf/Georgia-Country-Gender-Assessment.pdf

[16] The judgment is based on the in-depth interviews with ADC leader in Akhalkalaki and the founder of Riketi LAG community center (Khulo Minicipality).

[17] Country Gender Assessment Georgia, 2021. P. 51., 9 http://documents1.worldbank.org/curated/en/407151616738297662/pdf/Georgia-Country-Gender-Assessment.pdf

[18] The judgments are based on the Experience of Georgian Heritage Crafts Association projects implemented between 2015-2021, which show that appr. 72 percent of innovative products are made by female beneficiaries.

[19] For the examples of GHCA Success stories see https://www.facebook.com/CCRGeorgia2015/videos/232135471495104

[20] Country Gender Assessment Georgia, 2021. P. 79., 9http://documents1.worldbank.org/curated/en/407151616738297662/pdf/Georgia-Country-Gender-Assessment.pdf

[21] Ibid. p

[22] This judgment is based on in-depth interviews with larger-scale women-owned businesses e.g., Rusa Makes for You in Heretiskari (Lagodekhi).

[23] Shanshiashvili A., Craft Sector In Georgia: Existing Resources, Challenges And Recommendations for Further Development, In the Proceedings of The Conference "Notion Of Culture As A Force For Economic Growth New Approach For South Caucasus," September 26-28, Tbilisi, 2013. P.111

[24] Lower cost of production and cheap labor as well as availability of cotton, linum and silk resources gives the competitive advantage to the textiles made in Asian countries, which hold the major share of the global market.

[25] Sakartvelos shinamretsvelosbis da khelosnobis istoriistvis (History of Craftsmanship Sector of Georgia), Tbilisi, 1982, V.2. pp.238-244

[26] Akhmeta Municipality, Crafts Workshops' Guidebook, (by GHCA, funded by USAID Zrda Activity in Georgia), Tbilisi 2018, pp. 24-25 https://drive.google.com/file/d/16hPK3Om6DqC2uBRvHyxoQ6VRyea_uS0r/view

[27] Kochlamazashvili, I., Sorg, L., Gonashvili, B., Chanturia, N. and Mamardashvili, Ph. (2014): Value Chain Analysis of the Georgian Sheep Sector. Study elaborated for Heifer International, http://www.iset-pi.ge/images/Value_Chain_Analysis_of_the_Georgian_Sheep_Sector_Final_Report_July_2014.pdf

[28] 100 Wild Plants from Tusheti: Traditions and Methods of Use, Tbilisi, 2020, p. 24

[29] According to the Georgian Heritage Crafts Association, the only enterprise producing and selling dried natural dyes is located in Magharoskari (Pshavi).

[30] Architecture in mountainous Adjara involves the use of chestnut, which is included in the Red List.

[31] SECTOR AND VALUE CHAIN ANALYTICS by PMCG Research for USAID Economic Security Program, Tbilisi, January 2021, pp.78-79.

[32] The judgments are based on the sales data of GHCA from 2016-2021 as well as in depth interviews with local sellers on Etsy.com.

[33] The Heritage crafts in Georgia. Comprehensive Study and Development Strategy of the Sector, Tbilisi, 2012, p. 22-23 https://www.gaccgeorgia.org/Crafts/GACC percent20Crafts percent20Sector percent20Study.pdf, P.67

[34] USAID Economic Security Program Quarterly Report (FY20 Q3: April - June 2020), p.18 https://pdf.usaid.gov/pdf_docs/PA00WR84.pdf

[35] Georgian Heritage Crafts Association data of registered rural artisans on Etsy.com show the 40 percent of sellers closing their shops after the end special project support period.

[36] Ibid 65

[37] SECTOR AND VALUE CHAIN ANALYTICS by PMCG Research for USAID Economic Security Program, Tbilisi, January 2021, p. 65

[38] The judgment is based on the in depth interview with the head of the stores Ethnodesign and EthnoCraftsStudio https://www.etsy.com/shop/EthnoCraftsStudio?ref=simple-shop-header-name&listing_id=978408027

[39] Zrdasrulta ganatlebiscentrebi sakartveloshi (The Adult Education Centers in Georgia), by DVV International, 2018, p.32 https://dvv-international.ge/fileadmin/files/caucasus-turkey/Georgia/AECs_in_Georgia_GEO_12.06.2018.pdf

[40] College Aisi Alumni Survey 2020, p. 16-17; file:///C:/Users/user/Downloads/-2020.pdf

[41] 2019 clis profesiuli saganmanatlebo programebis kursdamtavrebulta kvlevis angarishi (Tracer Study of the 2019 TVERT Alumnis), p. 18-40 https://mes.gov.ge/uploads/files/322323)_8765.pdf Also see Strategic Plan 2020-2026, College Aisi, p.14; http://collegeaisi.ge/old/assets/uploads/file-6.pdf Dedoplitskaro headquarters of the College Aisi, https://collegeaisi.ge/chvens-shesaxeb/14--.html

[42] VOCATIONAL EDUCATION AND TRAINING DEVELOPMENT STRATEGY FOR 2013-2020, MINISTRY OF EDUCATION AND SCIENCE GEORGIA, 2013, p. 7. https://mes.gov.ge/uploads/12. percent20VET percent20Strategy percent202013-20_EN.pdf

[43] For Success stories see: https://www.youtube.com/watch?v=UJVqbUOZzv4&t=36s&ab_channel=ASEA

[44] For Georgia's Success stories by GHCA please see MUSEUMS AND CREATIVE INDUSTRIES Case Studies from across Europe. 2018, p.86-88., https://www.ne-mo.org/fileadmin/Dateien/public/NEMO_documents/NEMO_2018_Publication_Museums_and_Creative_Industries_Case_Studies_from_across_Europe.pdf?fbclid=IwAR37u1qxyUjm9hpFFhazJCyglD4Efd9dF-MJSwC9csJLrWgA8yraNFEtceQ

[45] For the example of Success Stories please see "Swift Adaptation to COVID-19 & Digital Transformation – The Key to Travel & Hospitality Recovery< USAID Zrda Activity in Georgia, p. 3-4; http://www.zrda.georgianeo.ge/Files/Success_percent20Story_Zrda_Tourism_COVID19 percent20pandemic percent20response.pdf

[46] https://crafts.ge/ka/news/item/48

[47] Study on slow tourism in international trends and innovations, http://www.enicbcmed.eu/sites/default/files/2020-09/CHAPTER_percent201_percent20- percent20Conceptualization_percent20_percent26_percent20Trends_percent20on_percent20Sustainable_percent20_percent26_percent20ST.pdf

[48] Crafts Council: The Market for Craft, 2020, p.81-82 https://www.craftscouncil.org.uk/documents/880/Market_for_craft_full_report_2020.pdf

[49] See Georgian Heritage Crafts Association, www.crafts.ge; International Association of Handicraft (FB); The Guild of Georgian Armorers http://www.georgians-weapons.com/