

**Local Economic Development Plan**

Samtredia Municipality

Georgia

2019

## Preface from Mayor

It is important for Samtredia Municipality to get involved in the EU initiative “Mayors for Economic Growth”.

With the knowledge obtained from the training course within the framework of the initiative, by sharing experience of qualified experts and with the help of methodology prepared by the initiative “Mayors for Economic Growth” the local economic development plan 2020-2021 of Samtredia Municipality was elaborated aimed at development of local economy in close cooperation with the private and public sectors.

Cooperation with the EU is an opportunity for the economic development of the municipality, being at the same time a big responsibility. We recognize the importance of the principles of management that have been successfully implemented in the EU countries, which gives us an opportunity to introduce good practices by sharing their experience and promote effective development of local economy.

Representatives of the private sector and non-governmental organizations together with the representatives of local self-government were involved in the process of elaboration of the Local Economic Development Plan, which makes the document particularly important and legitimate.

We are ready to implement all activities envisaged by the Local Economic Development Plan within the framework of the initiative „Mayors for Economic Growth” in close cooperation with the private and public sectors. The major part of these activities will be funded from Samtredia municipal budget, besides, some activities will be implemented with the co-financing from the state budget, with the involvement of public and private sectors and part of activities envisages attracting donors.

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## **1. Executive Summary**

The present Local Economic Development Plan (LED) has been prepared within the framework of the EU initiative “Mayors for Economic Growth”. With involvement of local authorities, private sector, civil society, the plan is focused on the development of private sector. As a result of SWOT analysis the strengths of the municipality were identified: geographical and economic location, availability of facilities for the development of transport hub (e.g. airport, railway, main highway), soil structure for economic activities, increase of investments in business which is oriented on regional markets. Brownfields and attractive facilities for investments on the territory of the municipality, diversified agricultural and business sectors compared to other municipalities in the region. Experience in growing varieties of crops, large agricultural plots of land, etc. and opportunities, such as business support programs of the state and donor organizations, deep and comprehensive free trade with Europe, state activities directed towards the promotion of tourism opportunities of the region and development of the airport. In achieving economic development these factors will help to overcome weaknesses such as: lack of innovations and awareness in business, poorly developed business support infrastructure and lack of municipal services, lack of experience in relations with investors and less recognizability of the municipality for investments; poorly developed irrigation and road infrastructure on agricultural lands, migration of local young qualified workforce, etc. On the basis of its strengths and opportunities the vision of the economic development of the municipality has been developed, which is: Samtredia municipality with innovative small and medium businesses and modern services for investors. To achieve the vision, three objectives have been defined: improving services for investors, promoting innovations in small and medium businesses, raising competitiveness of local products. To achieve the goals, activities have been planned, which are: raising recognizability of the municipality; encouraging innovations in business; provoking interest of investors and attracting investments; increasing

entrepreneurial knowledge and qualifications; support in fundraising; developing agricultural business; creating environment attractive for investments and tourism. Major part of the activities envisaged by the plan will be financed from the local budget, and part of activities will be implemented with the involvement of the state, private and civil sectors and financial participation. Besides, for implementation of part of the activities, it will be necessary to find external sources of financing.

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#### 3.1 Abbreviations

LED – Local Economic Development

ᄁᄁᄁ - Disabled persons

DCFTA – Deep and Comprehensive Free Trade Agreement

SWOT - Strengths, Weaknesses, Opportunities, Threats

DMO- Destination Management Organization

#### **4. Introduction to Plan**

In December 2018 Samtredia Municipality joined the EU initiative “Mayors for Economic Growth” under the signature of the Mayor, which foresees promotion of local economic growth, development and creation of jobs through partner relationships with private and civil sector. Involvement in the initiative “Mayors for Economic Growth” is important for Samtredia Municipality for its economic development and creation of new job opportunities, as well as the achievement of well-being of the society and raising the standard of living. The documents comply with 2019-2021 priorities document of the municipality and 2014-2021 Imereti region development strategy and the social-economic strategy of Georgia “Georgia 2020”. 78% of the activities of the plan will be funded from Samtredia municipal budget.

Samtredia Municipality is located in Western Georgia, in the western part of Imereti region and borders with Samegrelo and Guria; the territory of the municipality is 36 429 ha. Samtredia Municipality is a railway and road junction. Railway and public transportation is regular. Due to the location and accessibility of local road, the municipality is in better condition in terms of access than neighboring municipalities. There are 56 settlements in the municipality – one is the city of Samtredia, one town and 54 villages. The distance between the administrative center of the municipality and Kutaisi is 33.3 kilometers (30 minutes’ drive), 260 kilometers (3,5 hours’ drive) away from the capital of the country; 65 kilometers (55 minutes’ drive) away from Poti Port and 113 kilometers (110 minutes’ drive) away from Batumi Port, and 11 kilometers (10 minutes’ drive) away from David the Builder Kutaisi International airport. According to the data of the National Statistics Office of Georgia in 2018 the number of population is 48,6 thousand (9% of population of Imereti Region). Compared to 2002 census of population the population in Samtredia Municipality decreased by 19%. During the same period the population of Imereti has decreased by 24,4%. For more than a quarter century the number of population of the municipality continues to decrease. In recent years the migration tendency has been growing. It especially concerns young, qualified and capable to work people, who move to work to urban settlements of Georgia and more developed countries due to good employment opportunities and good salary there. The decrease rate of population is similar to those municipalities in the region, who had mono-economy in the 90s of the last century (e.g. Zestaponi Municipality, Tkibuli Municipality, Chiatura Municipality). 55% of the municipality population lives in urban areas. With such indicator Samtredia is distinguished among other municipalities of Georgia and community municipalities, where urban population prevails those in rural areas.

#### **5. Process of Local Economic Development Plan Development**

At the initial stage of elaboration of the plan an extended meeting was held with local authorities, business representatives, local farmers and youth, when the concept of “Mayors for Economic Growth” was introduced. Later, several meetings were held with separate business sectors, representative of agriculture sector, local civil society active groups and partners were selected. The partners selected the composition of the working group. By the Order of Samtredia Municipality Mayor the plan development group composed of four persons was established,

which included representatives from the local self-governmental sector, private sector and civil society. The working group planned the following activities: future meetings and actions were planned, questionnaires were developed in accordance with the provided methodology. Six meetings were held - 2 meetings with local business (both with small dealers and large-scale producers) and agricultural sector representatives, one meeting with youth and local self-government representative, two meetings at the village Jikhaishi community center and in the village Nogha with local farmers, the majority of which are representatives of ethnic minorities. In organizing the meetings, gender balance was envisaged. There were also individual communications with business representatives. Initially business sector was skeptical and reluctant to participate, though their motivation and engagement increased in time. Young representatives of business and agricultural sector were particularly active. At the second meeting it was decided to add two representatives from business and agriculture sectors, who were particularly active. Data required for economic analysis was collected, also needs were identified and different options for vision and objectives were developed. Process of development of the Action Plan was especially active, during which a number of activities were planned. After meetings with target groups the working group meetings were held where information was obtained, questionnaires were summarized and envisaged in the plan by way of consensus. (See details in Annex 1).

## **6. Local Economic Analysis**

### **6.1. Analysis of local economic structure**

The main sectors of economy of Samtredia Municipality are trade, warehousing, transportation and agriculture. In these sectors the municipality is one of the most developed in the region. Due to the geographic location it is the transport hub (roadway and railway), also the airport is located here. Due to convenient location of Samtredia, the municipalities of the region use it to trade, start a business, and receive various services. According to the data of the National Statistics Office of Georgia, 1848 enterprises operated in the municipality (see details in Annex 2). The number of enterprises has increased by 5.7% from 2017 to 2018. Increase in the number of enterprises was observed in almost all sectors, and particularly in priority sector for the municipality as are trade, warehousing, transport (increased by 4.3%), processing industry (increased by 4.6%), and service (4.7%).

The largest companies in the municipality operate in the transport sector. The Georgian Railway has its central branch of western Georgia in Samtredia. The Georgian Railway and the airport are the largest employers. Passenger flow in the airport increased by 220% from 2016 to 2018. Along with the increase in number of enterprises, their output and turnover also increased. According to the data of the National Statistics office, compared to 2015 in 2017 turnout in business sector was increased by 55,1% and turnover – by 14,5 %. The main reason for the growth is, on the one hand, trade warehousing and agricultural production to what the state programs have contributed significantly (315 businesses were financed in total by GEL 11 927 118), and on the other hand, the construction sector, caused by ongoing municipal, state and private infrastructure projects. In

recent years significant investments have been made in the field of trade warehousing and processing industries, where relatively large companies carry out activities in the regional markets from the municipality. They have invested about 20 million GEL in total. The investment of 8 million GEL made by the state in cooperation with the private sector (“Produce in Georgia”) requires particular attention. Under this program the Georgian-Dutch enterprise “Imereti Greener” was established, which produces goods in a 2 hectares size greenhouse with hydroponic system. They sell their products in almost every branded and non-branded shop. The company has increased production by 75% from 2016 to 2018. Among the acting enterprises small companies prevail. 80% of them are located in the central part of the city, which is almost fully used and will likely increase the demand for business facilities. There are two agricultural markets in the municipality, where producers of agriculture product, both local and from neighboring municipalities sell their products. Probably the demand on it will not increase in the near future. Business services are provided by 20 financial institutions, including 4 banks. There are 12 small enterprises providing legal and accounting services. Overall 263 small enterprises provide services. Out of these 18 are beauty salons, where 85% of those involved in the businesses are women. 3 hospitals are operating in the municipality, including the largest hospital “Geo-Hospital”, there are 17 clinics, 13 outpatient departments and 35 pharmacies. 44 small businesses provide communication and IT services, in recent years the demand for qualified IT specialists has significantly increased. 31 enterprises are represented in the construction and development business sector. This is a growing sector promoted by infrastructural projects. In the municipality there are 21 restaurants, 6 cafés and bars and 13 fast food facilities. The number of restaurants has quite increased and most of them are busy daily. Tourism is less developed here despite close location of the airport, from which tourists are distributed to different tourist destinations and their waiting time in some cases is 1-2 days. This fact could be used for the development of agricultural, bicycle and horse riding tourism. The municipality owns the only 10 hectares size hippodrome with stables and outbuildings, 9 English horses but the infrastructure is not arranged. There are 6 hotels in the municipality, providing middle class services. At this time private houses and apartments have similar functions. In 2017-2018 the municipality had privatized 2 brownfields. Two hotels were arranged in these buildings, which are successfully operating. The demand for hotels significantly increased, especially for guesthouses and hostels located near the airport.

Agriculture is one of the most important sectors of the municipality, it is the main employer of the local population. Agriculture is the most diversified area in the region with favorable natural climate conditions, experience and tradition of cultivation of various cultures, large agricultural plots of land and soil structure. 56% (20400 ha) of the total area (36429 ha) of municipality is agricultural land, out of which 63 % is arable land, 19% perennial plants, 14% pasture and 4% greenhouses. Productivity rate in agricultural plots of land compared to the quantity of cultivated plots of land is relatively small, there are large unused plots of land because of some reasons, as are: no laboratory analysis of soil is made, which could help select optimal species of cultures; lack of qualified specialists; poorly developed irrigation and road systems; underuse of modern technologies in land cultivation and harvesting. Corn is grown on 75% of the arable land (3848 ha). In 2018 about 10 760 tons of corn was harvested. The municipality is the largest maize producer in the region. No growth trend is observed in production though the demand is big enough. A large portion of farm and household farming is oriented on poultry and livestock, with

300 000 poultry, 22 000 livestock (11 218 cows and buffalo), up to 3 900 pigs, about 1600 sheep. It is worth to mention that breeding is mainly developed in ethnic minorities. Poultry is a kind of label of municipality, there are many poultry farms. Poultry and cattle are mainly for production purposes, where meat, chicken, cheese are sold in local, Tbilisi and Batumi markets (seasonally), however, the local production share in the market is small, which is directly related to the problems of agricultural lands. Poultry and cattle breed selection for production purposes is a significant problem. However, in 2018 two farms began replacement of existing, local cattle breed by Dutch breed, which should greatly increase farm production. Primary production of vegetable of greens has a significant role in agriculture, with average annual production of 12900 tons of vegetables and greens. Most of them are planted in open grounds and are ready for sale in summer, when the price is low and the farmer doesn't receive good economic benefit. That is why it is important to increase the production in closed grounds, which will significantly increase economic benefit and substitute imported products. The most prospective among the perennial crops is berry production with an area of 60 ha, which is growing annually due to its high price and economic benefit. Unfortunately, Samtredia wasn't involved in the berry culture incentive program, but local authorities actively conduct negotiations with relevant agencies to involve municipality in this program. Honey production has increased compared to 2017. In total 52 tons of honey is produced from 5105 beehives in the municipality. The main beekeeping area is mountainous villages on the left bank of the river Rioni. Beekeeping is one of the main sources of income.

## **6.2 Local cooperation and networking**

The cooperation in business sector is not well established (see details in Annex 3). Association of businessmen with up to 50 members was created with a private initiative. However, the interest from the side of businessmen was so small that it stopped functioning. Some of those businessmen are currently members of the Chamber of Commerce and Industry through which various business activities are held. They assist businesses to seek partners and investors, but the bigger part of businesses has no desire and motivation to engage in such activities. Cooperation in agriculture sector is more developed. There are 15 cooperatives uniting 187 members (shareholders). In terms of hazelnut production, the Nuts Association creates groups of 15, 20 subjects (hazelnut producers) to promote hazelnut production, conduct various trainings and provide assistance. 25 beekeepers are united in the Honey Production Association, where they share knowledge, learn about new technologies. In 2018 meetings were actively conducted within the EU-funded program "Support to small and medium enterprises in the field of food and agriculture". Such meetings with the agricultural goods and food producer small and medium entrepreneurs and farmers were focused on the Deep and Comprehensive Free Trade Agreement and the related food safety regulations. At the trainings mainly large farmers expressed their interest whose plots of land are more than 10 hectares. Smaller farmers didn't express their readiness to participate in trainings and meeting of different associations and unions. Various meetings with business sector were conducted with the support of the municipality. As part of its capabilities the Municipality City Hall tries to have maximum communication with business sector. Representatives of various agencies and organizations are invited to receive information about innovations and current projects. It should be noted that during the last two years the

Ministry of Agriculture and local self-government have been closely cooperating in the fight against pests. This cooperation is still ongoing and significant results have been achieved. At the meetings and trainings most of business representatives refuse to cooperate, they prefer distance relations. Most of them do not recognize local self-government as one of the main supporters of business. They see local authorities only as the municipal services suppliers. That is why more active dialogue from the side of municipality institutionalization of cooperation is needed, that will make local businesses more competitive.

### **6.3 Business-friendly, transparent and corruption free administration**

Record management in the municipality is electronic, which enables to save time and resources and make communication more flexible. The municipality has its web page, social network and information center, through which public information is published proactively (e.g. budget related and other public information). Basically, information is about activities carried out with the involvement of local authorities, less information is for the private sector. For example, there is no unified database about national and donor organizations' business development programs for the existing and new businesses (see details about developing sectors and challenges in Annex 4). They receive information through various media sources and afterwards try to clarify the situation in local self-governance bodies. In the municipality there are no representations of the most existing state and other programs (except for agricultural programs). Local authorities don't have detailed information about programs of various state and donor organizations; that is why the municipality cannot meet the business requirements that could be answered at the local level. Specific municipal program is needed where all information necessary for the business will be gathered and it will be possible to consult them. Privatization/lease/rent of the municipality property is carried out transparently, through public electronic auction. Municipality projects, procurements, etc. are conducted through electronic tenders that are published on the municipality website.

### **6.4 Access to finance**

Banking sector has been developed in the municipality, where 4 commercial banks and 8 microfinance organizations provide services (in detail, see Annex 5). The banks prefer to issue large secured and consumer loans, while the microfinance organizations issue loans to relatively small business companies. Although banks have different start-up business funding products, due to their representatives, they still refrain from their financing. However, existing bank regulations concerning consumer and large secured loans (monthly fee for hedging loan service is maximum 25%) will increase the interest of the bank on small unsecured business loans and startup loans. Besides the banking sector, main sources of financing of local business are the state programs Produce in Georgia, Preferential Agro Credit, Plant the Future and various donor organization programs. Many business companies have benefited from these programs but the overall involvement of the population and businesses is still minor. The problem is the detailed identification of the programs, lack of the relevant knowledge and experience to develop business plans. At municipal level there are no local business promotion programs that would help the start-up young business entities in the development. One of the reasons for this, along with

experience, is limited financial resources of the municipality. The municipality mainly depends on target transfers.

**6.5. Land and infrastructure:** 1312 ha land is registered in the ownership of the municipality out of which 1223 ha is agricultural and 89 ha non-agricultural plots of land. Periodically, due to the demand, these plots lands are privatized or leased. There is a number of brownfields on municipality territory, most of which are owned by the state, many of them are unregistered and they are gradually registered. Mainly there are large buildings of former vocational schools and industrial enterprises. In recent years several large facilities have been privatized. The demand is mainly for the relatively big isolated areas close to the central transport communication and smaller size isolated trade areas (see details in Annex 6). Most of small trade facilities and office spaces are located in the 600-meter radius of the center, which is almost completely utilized and the municipality has no property in its ownership. Most of the office spaces are privately owned but the prices are quite high and some of the small business entities do not have the opportunity to rent spaces. There is a need for business incubator which does not exist in the municipality. The municipality has appropriate area that needs infrastructural arrangement to establish business incubator. Nearby strategic facilities (railway, central roadway, airport) the state and municipality own 50 ha former industrial complex. However, in this regard there is no plan at this stage.

## **6.6 Regulatory and institutional framework**

Out of 6 types of taxes in Georgian tax system only property taxes are local taxes. At the municipal level the local taxes are introduced/annulled, administered and the tax rate determined. In the municipality there are three types of taxes/duties – for gambling, cleaning and construction businesses. Those taxes which are introduced/annulled or tariff determined within the competence of the municipality is not obstacle to business. The problem for the business is time-consuming construction permits nearby the road and rail infrastructure of international importance. It is mainly due to the lack of single flexible system and communication between the agencies. The municipality has already been communicating with relevant agencies to develop a flexible system to eliminate the problem. According to business companies, the regulatory framework is improved, but when it comes to buying various technologies and equipment for manufacturing, more benefits could be established. For example, when a small business want to purchase various equipment (for the production of peripheral parts of sewing machines, etc.) from abroad, the company has to pay up to 1/3 of the customs and other taxes. Therefore, businesses which are oriented on importing different products cannot buy equipment abroad and do the business here (weakness – access to finance). However, the solution of this legislative issue does not fall within the competence of the municipality, but it is important to solve the problem with alternative methods such as encouraging business with different programs.

## **6.7 Skills and human capital**

Development of workforce is a relatively new concept for the municipality. The educational system does not address the real needs of the business sector. IT specialists, agronomists, veterinarians, technologists, marketing specialists, accountants, service providers are in high demand. Outflow of qualified labor resources from the municipality is quite intense, especially to the capital and abroad. This is mainly caused by wages which is 3-4 times higher for particular professions in the capital. Also, the standard of living in the capital is more attractive for them. Young people enter higher education institutions (there are no higher education establishments in Samtredia), they are mainly in Tbilisi, and most of them do not return back to the region. Several years ago few vocational schools were operating but now they are not functioning, however it is important to have the vocational school. The Government has an important initiative according to which vocational institutions will be opened in all regions by 2021. In turn, the municipality will support this initiative. Two former vocational school territories have been selected and municipality is ready to transfer it to the stakeholder to establish a vocational school there. Job seekers are mainly registered at various employment portals (worknet.gov.ge, jobs.ge, hr.gov.ge, hr.ge). In total about 1000- 1500 persons are registered. The reason of such a small number of registered job seekers is that part of unemployed citizens finds it difficult to use modern technologies (middle and older age citizens). It is necessary to develop relevant business, as well as other professional skills of human resources.

## **6.8 External positioning and marketing**

Samtredia municipality has a great potential in the region, as well as in the country, in terms of attracting both foreign and local investors. Its location and land relief are important factors for economic activity in order to expand existing businesses and attract new business companies. However, investors are not well aware of the potential of Samtredia municipality because specific investment proposals and relevant marketing instruments do not exist; besides, there is a lack of experience and knowledge of relationship with investors, poor knowledge of business programs and project development. Destination center was established to increase awareness of the region and as one of the first activities for the growth of its awareness the municipality is going to join the center. In recent years the municipality has invested for the improvement of physical environment and quality of life. However, an important part should be arranged. Only 40% of internal roads of the city are arranged. The locals consider the settlement of physical infrastructure as one of the most significant tasks. Former industrial buildings are also important, so the road to approach these buildings by transport and their infrastructural conditions should be improved in order to increase the interest of investors. Same is about agricultural lands, where the access road and irrigation system needs to be arranged. Also, these infrastructure facilities are necessary to create positive image of the municipality. For tourism development it is possible to promote horse riding and adventurous tourism and to use various facilities located in the municipality. Especially, the hippodrome and the 5<sup>th</sup> century Telepisi castle and their adjacent areas have a great adventurous tourism potential, but the physical infrastructure shall be managed. In total, there are 21 parks and 5 squares in the municipality, where amusement attractions are arranged. Several football and basketball stadiums, high-level swimming pool are in the municipality. Now the construction of tennis complex is underway. The theatre is

functioning in the municipality, various cultural and sport facilities are also there and during the year they perform different programs for local and neighboring municipalities.

## 7. SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Strategic location of the municipality</li> <li>• Municipality is a trade center for neighbouring municipalities</li> <li>• Strategic transport communications system (airport, railway, main highway)</li> <li>• Increase of investments in business which is oriented on regional markets</li> <li>• Transparent activities of municipality in tenders and auctions</li> <li>• Developed network of banking institutions</li> <li>• Diversified business and agriculture sectors (compared to the region)</li> <li>• Natural climate conditions</li> <li>• Tradition and experience of cultivation of various cultures</li> <li>• Large agricultural plots of land</li> <li>• Increase of demand for business spaces</li> <li>• Privatization / lease / rent of municipality property is carried out transparently.</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of innovations in business and agriculture</li> <li>• Lack of financial knowledge in business sector</li> <li>• Lack of financial availability for start-ups</li> <li>• Dependent on target transfers of the municipal budget</li> <li>• Lack of experience and knowledge of relationship with investors</li> <li>• Migration of young people and qualified personnel</li> <li>• Lack of local business support programs for young people</li> <li>• Insufficiently developed physical infrastructure for tourism</li> <li>• Selection of optimal species of cultures in agriculture</li> <li>• Lack of qualified specialists in agriculture field</li> <li>• poorly developed agricultural infrastructure (27% of agricultural land) and access roads</li> <li>• Lack of cooperation between public and private sectors</li> <li>• Absence of unified database about business development programs of national and donor organizations</li> </ul>
<b>Opportunities</b>	<b>Threats</b>

<ul style="list-style-type: none"> <li>• Opportunities created as a result of deep and comprehensive trade with Europe</li> <li>• Business promoting programs of national and donor organizations</li> <li>• Opportunities created by a large number of brownfields owned by the municipality</li> <li>• The potential for the development of vocational colleges in the municipality</li> <li>• Increase of numbers of the airport passengers</li> <li>• Opportunities of potential tourism facilities (hippodrome, Telepisi castle adjacent territory)</li> </ul>	<ul style="list-style-type: none"> <li>• Standards and quality requirements in business</li> <li>• Natural disasters, landslide, hail, etc.</li> <li>• Migration of qualified personnel</li> <li>• Indifference of businessmen for mutual cooperation</li> </ul>
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Compared to other municipalities, Samtredia municipality has the potential to become one of the strongest economic centers in the region what is allowed by strategic geographic location of the municipality, strategic transport facilities (railway, central roadway, airport), increase of investment in business which is oriented on regional markets, use of municipality as a trade center by neighboring municipalities, diversified business and agriculture sectors (compared to the region), experience and tradition in growing varieties of crops, large agricultural plots of land and existing opportunities, such as the programs of state and donor organizations, deep and comprehensive trade with Europe, good natural climate conditions for production of agricultural products, a large number of brownfields owned by municipality, potential tourism facilities, increase in number of airport passengers. This allow the municipality to present and use its strengths and overcome weaknesses and challenges such as lack of innovations in the field of business and agriculture, lack of knowledge in business sector, lack of awareness of economic potential of municipality, lack of experience in relations with investors, migration of young and qualified workforce, poorly developed physical infrastructure, unregulated agricultural infrastructure (27% of agricultural land), poorly developed access roads to agricultural plots of land, absence of unified database about business development programs of national and donor organizations.

Taking into consideration the economic structure and SWOT analysis of Samtredia Municipality and with involvement of partners, the local economic development vision and objectives have been developed.

## 8. Vision and objectives

**Vision:** Samtredia municipality with innovative small and medium businesses and modern services for investors.

- Objectives:**
- 1) Improve services for investors
  - 2) Supporting businesses by promoting entrepreneurial skills development

3) Promotion of agro-production and popularization of locally produced products

## 9. Action Plan

The Local Economic Development Action Plan (see, table 1) has been developed with active involvement of local partners and stakeholders. The Action Plan is focused on the improvement of investment environment, support of small and medium businesses, promotion of innovations in business sector, promotion of agriculture and tourism sectors, also support of young women, disabled persons and other social groups to make them active in business sphere. Samtredia Municipality City Hall is responsible for implementation of the Plan.

**Table 1. Action Plan**

<i>Building blocks</i>	<i>Key Objectives</i>	<i>Actions / Projects ideas</i>	<i>Duration (start/finish)</i>	<i>Partners involved</i>	<i>Estimated costs, national currency (equivalent in EUR)</i>	<i>Output (product) indicators and targets</i>	<i>Outcome (Result) indicators and targets</i>
1. Regulatory and institutional framework; 2. Skills and human capital development, inclusivity; 3. Land and infrastr	1. Improve services for investors	1.1 Prepare marketing materials about municipality	8/2019-12/2021		92 000 GEL 29677 EUR	Municipality image (promotional) video, booklets are prepared and disseminated through local and regional media outlets and social networks / the number of prepared image videos, booklets, the number of viewers	Increased awareness of investment potential of the municipality / investments volume and number of visitors is increased
		1.2 Develop investment catalogue	6/2020-10/2021	International civil society organizations	50000 GEL 16129EUR	Investment catalogue of the municipality is developed / developed catalogue	Increased number of investments / volume of investments
		1.3 Identify, register, and assess investment facilities; prepare investment proposals for these facilities	11/2019 - 12/2021	Ministry of Regional Development and Infrastructure, business sector	2463049 GEL 794531 EUR	Investment facilities are identified, cadastral drawings are prepared, facilities are assessed by experts; the property is registered in municipal ownership,	Increased interest towards investment facilities, increased number of investments, increased number of employed persons / number of investments and employed persons.

ucture; 5. Extern al positio ning and market ing					investment proposals are prepared/registered investment facilities and related infrastructure/ investment proposals are prepared	
	1.4. Establish international cooperation, participate in local and international fairs and festivals	1/2020-12/2021	Administration of the State Representative, Ministry of Foreign Affairs, business sector	24 000 GEL 7741 EUR	Relationship with different cities and organizations are established, festivals and fairs are selected for participation / the number of international partners, number of participants in festivals and fairs from the municipality	Increased awareness of the municipality, increased awareness about investment opportunities; established international relations; increased interest of investors; number of international partners / number of participants in festivals and fairs; number of international relationships, number of interested investors
	1.5. Establish the Destination Management Organization (DMO) in Imereti region	8/2019-12/2021	Municipalities in Imereti region, Administration of the State Representative	10 000 GEL 3225 EUR	Destination Management Organization (DMO) in Imereti region is established / Municipality – the member of organization	Elaborated programs on marketing and products development, growth of human resources, partnership formation / business sector support, local products popularization and development programs
	1.6 Improve qualification of the Municipality staff in the area of investments	1/2020-12/2021	Ministry of Infrastructure and Regional Development, Local and International civil society organization	24 000 GEL 7741 EUR	The municipality personnel is trained / the number of conducted trainings and seminars, the number of trained personnel	Increased skills and capacities of the municipality personnel for developing business programs, relationship with investors / Pre and Post evaluation
	1.7 Arrange tourism infrastructure		Ministry of Infrastructure and Regional Development, Local and International civil society organization	928990 GEL 299674 EUR	Territory of hippodrome is organized, infrastructure is arranged, bicycles are purchased, the bicycle trail is made, the square is arranged / organized infrastructure of hippodrome, purchased bicycles, arranged bike trail, organized square	Increased tourism attractiveness of the municipality, increased number of visitors and entrepreneurial activities in the municipality, increased revenues of adjacent family businesses / increase of the flow of tourists, increase of job opportunities.

<p>1. Regulatory and institutional framework;</p> <p>2. Skills and human capital development, inclusivity.</p> <p>3. Land and infrastructure;</p> <p>4. Access to finance ;</p> <p>5. External positioning and marketing</p>	<p>2. Promote innovations in small and medium businesses</p>	<p>2.1 Establish private and public platform</p>	<p>01/2020 - 12/2021</p>	<p>Business sector, local and international civil society organizations</p>	<p>4 000 GEL 1290 EUR</p>	<p>Private and public dialogue is established and institutionalized / number of participants</p>	<p>Business sector and municipality jointly identify needs and address existing problems, various programs and projects are implemented jointly / jointly implemented programs and projects</p>
		<p>2.2. Establish innovation center</p>	<p>12/2019 - 12/2021</p>	<p>Agency and Innovations and Technologies, local and international civil society organizations</p>	<p>345 000 GEL 111290 EUR</p>	<p>Innovation center is established / established innovation center, conducted study meetings and trainings, conducted activities.</p>	<p>Conducted trainings and trained start-ups, young people, women, disabled persons, vulnerable groups involved in business activities, conducted events - competitions, Olympiads, innovations contest, grant competition, etc. / number of trained subjects, start-ups, number of employed persons.</p>
		<p>2.3 Establish business information and consultation center</p>	<p>08/2019 - 12/2021</p>	<p>Business sector, local and international civil society organizations</p>	<p>35000 GEL 11290 EUR</p>	<p>Business information and consultation center is established, information is developed for investors, start-ups and existing businesses / Established business information and consultation center, developed information database</p>	<p>Information about the investment potential of the municipality is available for business companies, business support programs of the state and donor organizations are available in one space, start-up and existing businesses have access to qualified consultation services / number of beneficiaries of the business information and consultation center</p>
		<p>2.4 Promote start-up entrepreneurs and existing businesses by providing them with new office spaces</p>	<p>02/2020 - 12/2021</p>	<p>Local and international civil society organizations</p>	<p>20 000 GEL 6451 EUR</p>	<p>New enterprise and office spaces are created / number of enterprise and office spaces</p>	<p>Increased access to the enterprise and office spaces, increased number of start-ups and existing enterprises /number of users of office spaces</p>

		2.5 Conduct study meetings for women, disabled persons and inclusive groups for the development of entrepreneurial and working skills	1/2020-12/2021	Agency of Innovations and Technologies, local and international civil society organizations	159 200 GEL 51354 EUR	Trainings are conducted, women, disabled persons, vulnerable groups for business activity are trained / the number of conducted trainings, number of participants of the training	Increased human resources, increase of employment opportunities and increase of awareness of women, disabled persons and vulnerable groups for business activity / number of persons with increased awareness, number of employed persons
2. Skills and human capital development; 3. Land and infrastructure; 5. External positioning and marketing	3. Raise competitiveness of local products	3.1 Arrange drainage system on agricultural plots of land	01/2020 - 12/2021	Ministry of Environment and Agriculture, local farmers	100 500 GEL 32 419 EUR	Drain channels in many agricultural plots are arranged / arranged drain channels	Increased use of agricultural plots of land, increased yield on agricultural plots / number of additionally cultivated plots, amount of yield on the appropriate agricultural lands.
		3.2 Arrange communication infrastructure leading to agricultural plots of land	01/2020 - 12/2021	Ministry of Environment and Agriculture, local farmers	139 400 GEL 44967 EUR	Access road to 3000 hectares of land is arranged, ferry boat on river Rioni / Area of roads leading to the agricultural lands, arranged ferry boat	Increased use of agricultural land, increased yields, interest of investors in agricultural lands / number of cultivated agricultural lands, increased yield, increased investments.
		3.3. Support farmers with financing of soil (multi-component) laboratory analysis	06/2020 - 11/2021	Business sector	10 000 GEL 3225 EUR	Laboratory analysis for farmers on various locations are made / number of the soil laboratory analysis	Optimal species of cultures are selected; recommendations developed for the farmers / number of farmer who had used the recommended optimal species of cultures / implemented recommendations
		3.4. Organize annual festivals and public holidays/fairs for the popularization of local products	09/2019 - 10/2021	Administration of the State representative, business sector, local and international civil society organizations	72250 GEL 23306 EUR	Local festivals/public holidays are conducted / number of conducted activities	Increased awareness of the municipality and popularized local production; Product sales growth and increased revenue/ increased sales of the local production, number of invited people to the festivals

		3.5. Develop skills and capacities of the representative of agricultural sector and provide support by means of conducting trainings	03/2020 - 10/2021	Ministry of Environment and Agriculture of Georgia	39 800 GEL 12 838 EUR	Farmers are trained / conducted trainings	Increased awareness of farmers, introduced new technologies and approaches , increased revenues of farmers / number of farmers participating in the trainings, indicators of the use of modern technologies and approaches
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## 10. Financing Scheme

Estimated cost of activities provided in the Local Economic Development Financing Scheme covers both capital and other expenses. Allocation of funds in the Action Plan is relevant to the weight of relative priorities. The total volume of financing of activities described in the Action Plan is 4 606 477 GEL. From this, it is defined that the local budget will finance 78% of activities (3 613 487 GEL). Concerning the activities with funding gaps (22% of the total volume of finances - 992990 GEL) it is important to work with private sector and various donor organizations to find financial resources.

Table 2

<i>Actions</i>	<i>Estimated costs</i>	<i>Source of financing</i>				<i>Funding gaps</i>	<i>Remarks</i>
		<i>Local budget</i>	<i>Upper level budget</i>	<i>Business</i>	<i>Donors</i>		
1.1 Marketing activities of the municipality	92 000 GEL 29 677 EUR	92 000 GEL 29 677 EUR					
1.2 Develop investment catalogue	50 000 GEL 16 129 EUR					50 000 GEL 16 129 EUR	

1.3 Identify the investment facilities in the municipality; register, assess and provide the arranged communication infrastructure and prepare investment proposals for these facilities	2 463 049 GEL 794 531 EUR	245 749 GEL 78951 EUR	2 192 300 GEL 707516 EUR	25 000 GEL 8064 EUR			
1.4. Establish international cooperation, participate in local and international fairs and festivals	30 000 GEL 9677 EUR	22 000 GEL 7098 EUR		3 000 GEL 967 EUR		5 000 GEL 1612 EUR	
1.5. Establish the Destination Management Organization (DMO) in Imereti region	10 000 GEL 3225 EUR	10 000 GEL 3225 EUR					
1.6 Improve qualification of the Municipality staff in the area of investments	29 000 GEL 9354 EUR	24 000 GEL 7742 EUR			5 000 GEL 1612 EUR		
1.7. Arrange tourism infrastructure	928990 GEL 299674 EUR	174 000 GEL 56129 EUR				754990 GEL 243 545 EUR	
2.1 Establish private and public platform	4 000 GEL 1290 EUR	1 500 GEL 484 EUR		500 GEL 161 EUR		2 000 GEL 645 EUR	
2.2. Establish innovation center	345 000 GEL 111 290 EUR	80 000 GEL 25 807 EUR	114 000 GEL 36 774 EUR			151 000 GEL 48 709 EUR	
2.3 Establish business information and consultation center	35 000 GEL 11 290 EUR	15 000 GEL 4839 EUR				20 000 GEL 6451 EUR	
2.4 Promote start-up entrepreneurs and existing businesses by providing them with new office spaces	20 000 GEL 6450 EUR	10 000 GEL 3225 EUR				10 000 GEL 3225 EUR	
2.5 Conduct study meetings for women, disabled persons and inclusive groups for the development of entrepreneurial and working skills	159 200 GEL 52 966 EUR	154 200 GEL 51 354 EUR			5 000 GEL 1612 EUR		

3.1 Arrange drainage system on agricultural plots of land	100 500 GEL 32 419 EUR	60 500 GEL 19516 EUR	40 000 GEL 12 903 EUR				
3.2 Arrange communication infrastructure leading to the agricultural plots of land	217 688 GEL 44 967 EUR	217 688 GEL 44 967 EUR					
3.3. Support farmers with financing of soil (multi-component) laboratory analysis	10 000 GEL 3225 EUR	10 000 GEL 3225 EUR					
3.4. Organize annual festivals and public holidays/fairs for popularization of local products	72 250 GEL 23305 EUR	47 250 GEL 15 241 EUR		25 000 GEL 8064 EUR			
3.5. Develop skills and capacities of representatives of agricultural sector and provide support by means of conducting trainings	39 800 GEL 12837 EUR	9 800 EUR 3161 EUR	20 000 GEL 6451 EUR		10 000 GEL 3225 EUR		
<b>Total sum</b>	4 606 477 GEL 1 485 955 EUR	1 173 687 GEL 378608 EUR	2 366 300 GEL 763322 EUR	53 500 GEL 17 258 EUR	20 000 GEL 6451 EUR	992 990 GEL 320316 EUR	

## 11. Monitoring indicators and mechanisms

Activities envisaged in the Local Economic Development Action Plan are divided by four reporting periods (each 6 months) along with the interim expected results. When the Plan is officially approved, with the involvement of partners and stakeholders, the monitoring committee will be created. The committee will be comprised of representatives from the local self-government body, also private and civil sector and the gender balance will be ensured. The committee will monitor the implementation of the plan, organize quarterly meetings and prepare the interim reports of the plan.

**Table 3. Monitoring indicators and mechanisms**

<i>Actions / Projects ideas</i>	<i>Duration (start/ finish)</i>	<i>Expected results months 1-6</i>	<i>Expected results months 7-12</i>	<i>Expected results months 13-18</i>	<i>Expected results months 19-24</i>
1. Marketing activities of the municipality	8/2019-12/2021	Image video of the municipality is prepared	Image video of the municipality is disseminated through the local, regional media sources and social networks	Image video of the municipality is disseminated through the local, regional media sources and social networks	Image video of the municipality is disseminated through the local, regional media sources and social networks
2. Develop investment catalogue	6/2020-10/2021		Investment catalogue of the municipality is prepared	The catalogue is published in media	The catalogue is published in media
3. Identify the investment facilities in the municipality; register, assess and provide the arranged communication infrastructure and prepare investment proposals for these facilities	11/2019-12/2021	The works under the 2020 Plan are procured, as are: cadastral measuring drawings service, evaluation by the expert. Evaluated investment facilities are registered in the municipal ownership,	Under the 2020 Plan, communication infrastructure on the investment facilities is arranged. Investments are attracted	The works under the 2021 Plan are procured, as are: cadastral measuring drawings service, evaluation by the expert. Evaluated investment facilities are registered in the municipal ownership, investment	Under the 2021 Plan, communication infrastructure on the investment facilities is arranged. Investments are attracted

		investment proposals are prepared		proposals are prepared	
4. Establish international cooperation, participate in local and international fairs and festivals	1/2020-12/2021	International partner for the establishment of cooperation is identified. Local exhibition/fair is selected for the participation	International partnership relationship is established. Participation in local exhibition, festival	The partner is identified for international cooperation. Local exhibition, festival is selected for participation	International partnership relationship is established. Participation in local exhibition, festival
5. Establish the Destination Management Organization (DMO) in Imereti region	8/2019-12/2021	Municipality became a member of Imereti Region Destination Management Organization (DMO)	Current situation in different directions is studied. As a result of the study the priority directions are defined	Joint programs are developed	Developed programs are implemented
6. Improve qualification of the Municipality staff in the area of investments	1/2020-12/2021	Study modules are selected for the improvement of qualification of the municipality staff	Conducted trainings and seminars	Conducted trainings and seminars	Conducted trainings and seminars
7. Arrange tourism infrastructure	2/2019-12/2020	Tourism infrastructure projects are developed. Services under the project are procured	Infrastructural works have been started	Infrastructural works are ongoing	Arranged tourism infrastructure
8. Establish private and public platform	01/2020-12/2021	Platform for the private and public dialogue is established	Business sector and municipality jointly identify needs and address existing problems, various programs and projects are implemented jointly	Business sector and municipality jointly identify needs and address existing problems, various programs and projects are implemented jointly	Business sector and municipality jointly identify needs and address existing problems, various programs and projects are implemented jointly
9. Establish innovation center	08/20219-12/2021	The project is developed and donor organization is identified (found). Infrastructure arrangement activities has begun to set up an innovation center	Infrastructure is arranged, relevant office inventory is purchased. The innovation center started functioning	Study meetings are conducted; starters, youth, women, disabled persons, vulnerable groups for business activities are trained; various activities are conducted, as are Olympiads, innovations contest, grant competition, etc.	Study meetings are conducted; starters, youth, women, disabled persons, vulnerable groups for business activities are trained; various activities are conducted, as are Olympiads, innovations contest, grant competition, etc.
10. Establish business information and consultation center	08/2019-12/2022	The project is developed and the donor organization is identified. Infrastructure arrangement activities has begun to set up the business information and consultation center	Infrastructure is arranged, relevant office inventory is purchased. The business information and consultation center started functioning	Business support programs of the state and donor organizations are united in one space; qualified consultations are available for the start-up and existing businesses	Business support programs of the state and donor organizations are united in one space; qualified consultations are available for the start-up and existing businesses
11. Promote start-up entrepreneurs and existing businesses by providing them with	01/2020-12/2021	Training topics are selected for the target groups and the training program is developed; working	Training topics are selected for the target groups and the training program is developed; working	Training topics are selected for the target groups and the training program is developed; working	Training topics are selected for the target groups and the training program is developed;

new office spaces		meetings are conducted	meetings are conducted	meetings are conducted	working meetings are conducted
12. Arrange drainage system on agricultural plots of land	01/2020-12/2021	The project of the drainage system on agricultural plots of land and the works under the project are procured	Works under the 2020 Plan are done	The project of the drainage system on agricultural plots of land and the works under the project are procured	Works under the 2021 Plan are done
13. Arrange communication infrastructure leading to the agricultural plots of land	01/2020-12/2021	The project of the communication infrastructure leading to the agricultural plots of land and the works under the project are procured	Works under the 2020 Plan are done	The project of the communication infrastructure leading to the agricultural plots of land and the works under the project are procured	Works under the 2021 Plan are done
14. Support farmers with financing of soil (multi-component) laboratory analysis	06/2020-11/2021	Laboratory analysis of soil on different locations is made for the farmers	Laboratory analysis of soil on different locations is made for the farmers	Laboratory analysis of soil on different locations is made for the farmers	Laboratory analysis of soil on different locations is made for the farmers
15. Organize annual festivals and public holidays/fairs for the popularization of local products	09/2019-10/2021	Two local festivals are organized and conducted		Two local festivals are organized and conducted	Two local festivals are organized and conducted
16. Develop skills and capacities of representatives of agricultural sector and provide support by means of conducting trainings	03/2020-10/2021	Training topics are selected for the representatives of agriculture sector and the training program is developed; working meetings are conducted	Training topics are selected for the representatives of agriculture sector and the training program is developed; working meetings are conducted	Training topics are selected for the representatives of agriculture sector and the training program is developed; working meetings are conducted	Training topics are selected for the representatives of agriculture sector and the training program is developed; working meetings are conducted
<b>% of total budget (estimated)</b>	100 %	20%	30%	30%	20%