



Local Economic Development Plan

Municipality: Tkibuli

Country: Georgia

2019

Preface from Mayor of Tkibuli Municipality

I am exceedingly happy that Tkibuli Municipality has been given the opportunity to join the EU initiative “Mayors for Economic Growth” (M4EG), which entailed elaboration of Local Economic Development Plan (LEDP) for Tkibuli Municipality. The plan aims to diversify and develop the local economy, to reduce the unemployment rate and improve the business environment.

Cooperation with the EU is a great honor and responsibility for us, as we fully realize the importance and need for the governance principles that have already been successfully implemented in EU member states. We strongly believe that introduction of these principles and sharing of EU experiences will be a guarantee of bigger steps towards diversification and strengthening of the local economy through active involvement of private-public-civil partnership.

In the process of preparing the Action Plan, along with the representatives of the local government, representatives of the civil and business sectors were actively involved in every stage, making the document even more valuable and responsible. Consequently, we will spare no effort to implement the measures outlined in the Action Plan and to achieve the strategic objectives.

Migration of the population (external and internal) and use of our overseas compatriots’ potential in the matter of local development remain to be an important challenge for Tkibuli municipality. Financial and intellectual resources of labor emigrants and diaspora can be effectively used to accelerate economic development of the municipality, to build up economic ties and facilitate return of our compatriots to their homeland. That’s the reason these issues have been reflected in the action plan.

For the local self-government representatives, cooperation with the private sector is the primary source of economic welfare and job creation. Consequently, we express our readiness to implement the measures set out by the local economic development plan. We call all the sectors, structures, organizations and citizens towards maximum involvement in order achieve common goals through joint efforts and integrated capacities.

Temur Chubinidze
Tkibuli Municipality Mayor



This document is publicly available to all interested persons.

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1. Executive Summary

Local Economic Development Plan of Tkibuli Municipality has been developed in the framework of the European Union initiative “Mayors for Economic Growth”. It is aimed at promoting economic growth, development and employment in the municipality.

The plan has been developed in the framework of private-public cooperation through direct meetings and inquiries. SWOT analysis of the municipality has been performed, which is relevant to the existing reality. The local economic development, which mainly relies on the municipality’s rich cultural, natural and ethnographic heritage, existing and planned infrastructure, intellectual, tourism and investment opportunities, requires elimination of weaknesses, such as insufficiently developed public infrastructure, migration, lack of employment opportunities, lack of services, lack of qualified staff, low awareness of the municipality, failure to use the resources of citizens, who live abroad or have returned from migration and etc.

Overall, the vision of the municipality is to diversify the economy, to establish the basis for its sustainable development and ultimately, to create attractive and favorable climate for growth of entrepreneurial activities, development of tourism, improvement of quality of life, education and relaxation.

Implementation of the plan will allow to achieve the set strategic objectives, which will facilitate inclusive growth of the local economy, wider application of the growth results, development of the business. The plan will help to create employment opportunities for educated and skilled labor force, to enhance the image of the municipality internally and externally, to come up with constructive opportunities for public-private partnership.

For the next two years, the municipality intends to direct funds to establishing a private-public dialogue platform, developing cooperation between local private sector and diaspora representatives, promoting local products. The plan envisages turning of the municipality into an important tourism destination – arrangement of tourism infrastructure and attraction of tourists. Based on the local need assessment, the plan also envisages preparation of investment packages for businesses and development of capacities of young people and women involved in local economic activities.

The main activities defined by the local economic development plan will be financed from the local budget of Tkibuli municipality, with financial participation of the state and private sectors.

2. Table of Contents

Preface from Mayor	2
Executive Summary	3
Table of Contents	4
List of Tables and Figures	4
Abbreviations	4
Introduction to Plan	5
Process of Local Economic Plan Development	7
Local Economic Analysis	7
Analysis of Local Economic Structure	7
Local cooperation and networking	10
Business-Friendly, Transparent and Corruption-Free Administration	11
Access to Finance	12
Land and Infrasrtructure	12
Regulatory and Institutional Framework.....	13
Skills and Human Capital	14
External Positioning and Marketing	14
SWOT analysis.....	15
Vision and objectives.....	17
Action Plan 2019-2020.....	18
Financing scheme.....	21
Monitoring indicators and mechanisms.....	22

3. List of tables, graphs and annexes, abbreviations

Tables

Employment rat.....	6
Enterprises registered in the municipality	7
Assessment of local cooperation.....	10
Growth sector (sub-sectors) and related challenges	12
The Municipality's SWOT analysis	15
Action plan	18
Financing scheme.....	21
Monitoring indicators and mechanisms	22

Graphs

Population dynamics of Tkibuli municipality	6
Main fields of agriculture in the municipality	9

Annexes

Annex a – processes of the plan development

Abbreviations

M4EG – Mayor for Economic Growth
LEDP – Local Economic Development Plan
LED – Local Economic Development
SWOT – Strengths and Weaknesses, Opportunities and Threats
IOM – International Organization for Migration

CSO – Civil Society Organization

DRP - Development Regulation Plan

4. Introduction to the Plan

Tkibuli Municipality joined the initiative “Mayors for Economic Growth” on 18 January 2018.

Involvement in the initiative - “Mayors for Economic Growth” is highly important for Tkibuli Municipality as it provides an excellent opportunity of establishing favorable conditions for the economic development of the municipality and creation of new jobs, for economic, social and cultural participation, for the wellbeing of the society and for improvement of living standards. Elaboration of the local economic development plan through involvement of local partnership, stakeholders, including economic actors, on the principles of dialogue between the public-private sectors is particularly important for diversification of Tkibuli Municipality. Implementation of the plan is expected to facilitate economic growth and development of the municipality and to promote employment.

The economic development plan is built upon the following documents: “Social-Economic Development Strategy of Tkibuli Municipality”, “Mid-Term Development Document of Tkibuli Municipality”, “Key Areas of Tourism Development Strategy in Tkibuli Municipality”, “Satsire – Village of Future”, “Gaining Competitive Power through promotion of tourism and small businesses” and others.

The plan was developed in close cooperation with the private sector and civil society, in accordance with the standards of “Mayors for Economic Growth” initiative. Out of 5 building blocs, the plan includes the following four: 1) land and infrastructure; 2) development of skills and human capital; 3) external positioning and marketing; 4) access to finance. Representatives of public, civil and business sectors of the municipality were directly involved in the process. Public discussion of the plan was organized with youth, representatives of education, civil sector and media. The plan was also discussed in the villages of Tkibuli municipality - Gelati, Tsutskhvati, Motsameta, and Satsire. The local population and persons interested in the field of tourism were invited to attend the meeting.

Tkibuli municipality is located in Western Georgia, on the southern slopes of the Caucasus at 600-800 meters above the sea level. It mainly consists of Okriba (historic name of the municipality) cavern. The total area of the municipality is 47800 ha. Tkibuli municipality is a part of Imereti region along with other 10 municipalities and city of Kutaisi. The distance between the administrative center of the municipality, Tkibuli and the capital of the country, Tbilisi is 240 km, the time required for transportation by car is 3,5 hrs. The distance to the nearest airport (Kopitnari) is 60 km, the time required for transportation by car is 1.2 hrs.

From the climatic point of view, the municipality has humid subtropical climate. Part of the territory, including town of Tkibuli, has humid climate with rather cold winter and long, warm summer periods. The average annual temperature is +9, + 14°C, the average temperature of the coldest month (January) is mostly positive ranging between +1 + 4°C and in relatively cold years -2, -4°C.

Tkibuli municipality is distinguished by its rich nature. The forest area of the municipality is 29 183 hectares. Flora and fauna are represented by Colchis as well as Caucasian endemic species and varieties. The most common species include oak, hornbeam, maple, lime, chestnut, Caucasian elm, acacia, and etc. In the municipality, relict plants are also found: box, *Taxus baccata*, *Rhododendron ponticum*, chestnut, etc,

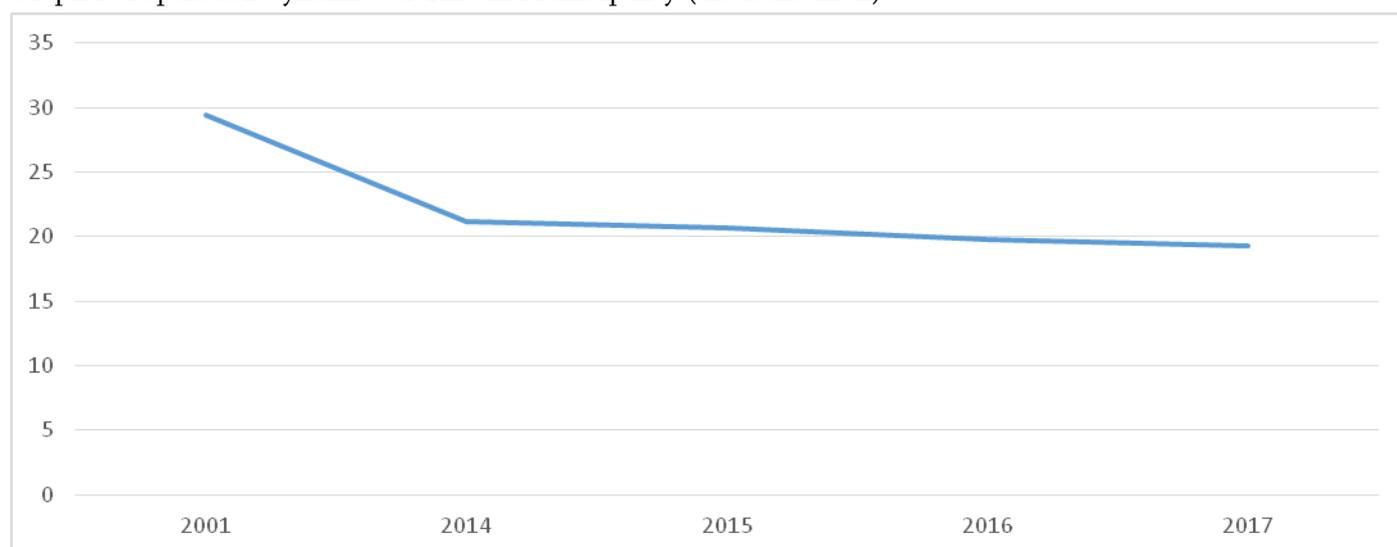
Tkibuli municipality is rich in various types of healing waters. Balneological healing sources are found in Kursebi, Bueti, Sochkheti, Manchiori, Mukhura and Leghva. Drinking mineral waters are found in Leghva,

Manchiori, Tsutskhvati, Dzirovani and elsewhere. Out of these, only mineral water “Leghva” is bottled and sold.

The municipality consists of one city and 47 villages. Part of the rural settlements of the municipality experience depopulation. For example, in the villages: Lafeti, Gadaghma Tskaltsitela, Nadzva, Koreeti, Lekereti, on average 7-8 inhabitants are remaining, with their average age ranging between 55-60 years. Over the next few years, the given settlements face the threat of complete depletion. According to 2014 census, the population of Tkibuli municipality is 20 839 people. 47% live in urban areas and 53% - in rural, 51.5% are female and 48.5% are male. The average age of the population is 44.3 years. It is noteworthy that the number of people in the last decade has dropped by 34% compared to 2001 Census data. It is caused by natural reduction and largely by migration processes.

It is paramount to stimulate local economic development in order to halt the migration processes, create new employment opportunities, increase revenues of the population and improve the social background. In this regard, experience, contacts, human and financial potential of migrants living abroad or returning to their homeland can be effectively utilized.

Graph 1. Population dynamics of Tkibuli Municipality (thousand men)



Activity and employment indicators for 2013-2014 are more or less stable, making up 70% and 64% respectively (see Table N1.2). However, the fact that no growth is observed indicates that it is necessary to take additional measures in terms of employment. It should also be emphasized that although the employment rate was 64.6% in 2015, in the total number of employed people, self-employed ones hold the largest share – 67%.

Table N 1. Employment rate (Imereti region)

	2013	2014	2015
Unemployment rate %	9.3	10.1	8.8
Activity rate %	69.9	70.6	70.8
Employment rate %	63.4	63.5	64.6

As for the rate of employment in business sector, the indicator was rather low in 2016, making up 2133 people. It further declined in 2017 by 270 people.

5. The process of local economic development plan development

The process of developing the local economic development plan was carried out in accordance with the standards, guidelines and recommendations provided under the “Mayors for Economic Growth” initiative. Based on these documents, a 9-person working group was set up on the basis of the order # 47611 of the Mayor of Tkibuli municipality, issued on 13.03.2018 (preparation of the LED plan). Out of the members of the working group, 2 were representatives of the business sector, 3 - civil sector and 3 – local self-government representatives. The working group was led by the local economic development officer, First Deputy Mayor of the municipality. The working group used to meet once a week, distributing tasks between the members and listening to the work performed. In addition, the group used to prepare an action plan for the meetings with various target groups; it studied their opinions and drew conclusions for reflecting them in the plan.

To prepare the plan, workshops were conducted with representatives of different circles of the local community. The workshops were held in both individual and group setting, representatives of the local self-government (both City Hall and City Council), government agencies, business sector and civil society were actively involved in the process. The workshops helped the municipality to get a clear picture of the current economic situation and put focus on the issues relevant to the development.

6. Local Economic Analysis

i. Analysis of local economic structure

In terms of economy, useful fossils available in Tkibuli municipality are worth mentioning: Tkibuli is known for mining coal (reserve of coal is about 3.1 million m³), teschenite, granite and other useful resources. Coal production is the core industrial sector. There are two coal mines, a thermal power plant and one coal enrichment plant operating in Tkibuli. Shaori hydropower plant and Tkibuli reservoir are important elements of the municipality’s economy.

According 2017 data, 377 enterprises are operating in Tkibuli Municipality; out of these, coal mines are most extensive ones, playing a decisive role in development of other economic sectors of the municipality. Out of the operating enterprises, 2 are big, 10 medium and the rest - small.

Types of economic activity	Number	Small	Medium	Big
Registered in total	377			
Industrial activities	35	73%	17%	10%
Agriculture	12	93%	7%	
Retail trade	102	100%		
Business services (training, consulting, marketing research, public relations, advertising service, publishing)		0	0	0

Medical services	12	75%	25%	
Legal services (notary, advocate):	3	100%		
Household services (hairdresser, laundry service, vehicle repair services, minor repair services)	12	100%		
Restaurants, cafes, bars and etc.	17	100%		
Hotels, guesthouses and etc.	12	100%		
IT services:	4	100%		
Transport	37	98%	2%	
Construction, development business	25	96%	4%	
Communication service	3	100%		
Creative services (design, photography, videography, web-design, social media, management of events)	4	100%	0	0
Waste management	1		100%	
Tourism	1	100%		
Other:	97	100%		

Coal mining in the main industry of Tkibuli municipality. Discovery of the coal ore dates back to 1825 whereas its industrial processing and exploitation started in 1846. As reflected in balance sheet, reserve of the coal is 307 million tons, while total geological reserve reaches around 1 billion tons.

In 2006, the mines were purchased by “Saknakhshiri” LLC (GIG Group)”. With their multi-million investment, existing infrastructure was rehabilitated, flooded tunnels were recovered and restored, new mining fields were prepared, the complex was completely restored, the railway was completely roofed, buildings and structures were thoroughly renovated. Coal mining was restored in two shafts; a coal enrichment plant was built which has been operating since 2009.

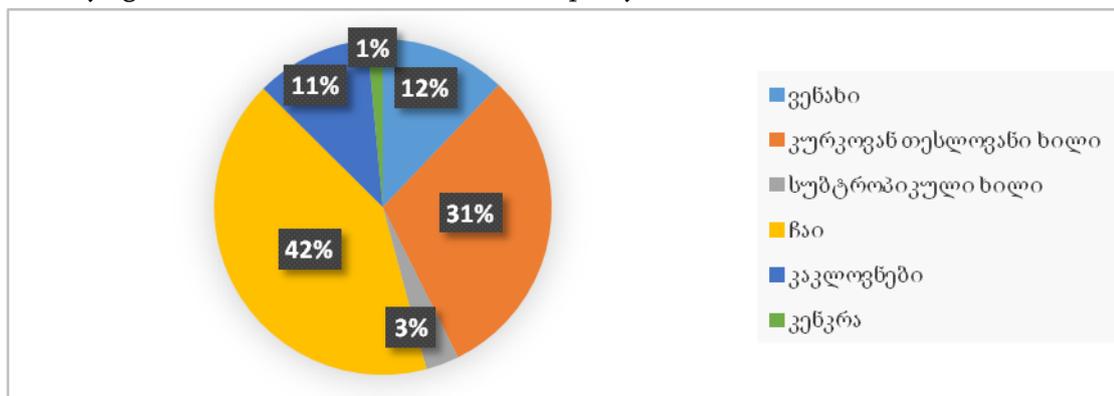
The extracted coal is sold in both local and export markets. The number of employees increased from 400 to 1500 people.

Tkibuli municipality is struggling to cope with socio-economic problems. Drain of human resources from the city is persisting. The government’s investments, state programs and local budgets fall short to provide for further economic development of the city. There is evident lack of private investments, innovations and new technologies. Green economy, power-saving technologies and energy efficient systems are not adequately developed.

Complex geographical location of the municipality and relatively severe climate do not provide favorable grounds for development of certain fields of agriculture. Nevertheless, agriculture is diverse in Tkibuli municipality. Livestock, beekeeping, fruit growing, poultry are more or less developed. In the lower zone, viticulture, cultivation of subtropical, granular, leguminous, berry and nut crops is also developed.

The area of agricultural land is 11396 hectares, with 4 766 hectares being in private ownership and the rest - owned by the state. In term of application, agricultural land is used as follows: 21 ha of hay meadow, pasture - 6 527 ha, arable land - 3 494 and perennial crops - 2 354 ha.

Graph N 2. Key agricultural sectors of Tkibuli Municipality



Until the 90s of the last century, tea production remained to be the main field of agriculture. However, at the end of the 20th century, break-up of the current economic ties and consequently, collapse of the tea market, caused destruction of the tea infrastructure, playing out as a hindering factor of the sector development and ultimately leading to degradation of tea plantations (980 ha).

Out of 77 farms totally registered in the municipality, 43 are engaged in beekeeping, 6 – nut growing, 16 – cattle breeding, 10 - poultry and 2 berries. Historical monuments of Tkibuli municipality are remarkable for their mosaics, painting, frescal and lapidary inscriptions. From preserved historical sites, Gelati Monastery Complex, which is in the list of UNESCO World Heritage, is one of the most important monuments in the territory of the municipality. Besides Gelati, the monastery complex “Motsameta” and “Nakalakari”, as well as Jvarisi, Tsutskhvati and Satsire fortresses are to be found here.

Compared to 2014, substantial increase in the number of enterprises was observed in 2017 in the following fields: restaurants - 67%; hotels, guesthouses and other - 52%; transport and communications - 43%; processing industry - 18%.

Along with the increase in the number of enterprises, production and revenues of the enterprises operating in the municipality also increased. According to the National Statistics Office of Georgia, compared to 2014, production output increased by 28% and turnover by 45% in 2016. Such growth is largely related to the development of service sector and construction business, which, in turn, is a result of increase in infrastructure projects in the municipality.

Despite the fact that the municipality has great potential for tourism development, due to lack of marketing tools, inadequate tourism infrastructure and low awareness, the municipality is not regarded as an active zone in terms of attracting internal and international tourists (only Gelati and Motsameti monasteries are widely known, Tsutskhvati Cave – just partially, though they are still considered as tourist sites of Kutaisi town).

The tourism potential of Tkibuli Municipality should be better utilized by the business sector. To this end, the government can implement a number of relevant projects and activities. Arrangement of the tourism and entertainment infrastructure will also play a decisive role.

ii. Local cooperation and networking

There is a tourism information center functioning in the municipality. The goal of the center is to provide relevant information to guesthouses and entrepreneurs engaged in the tourism sector and to carry out advertising activities.

It is further planned to set up a business-communication network (DMO), where the municipality will be represented and will take an active part in activities. The municipality will benefit from increased opportunity to provide high quality service to tourists.

Once a month, the Mayor meets the Civil Advisory Council and Youth Self-Government members. The meetings are aimed at sharing information about the planned and ongoing activities with business organizations, financial institutions; it is a popular platform to discuss the need for municipal services, to overview possible funding sources and the image of the municipality as a good place for living and working, with a favorable climate for investments.

The role of the relevant services of the City Hall in the successful implementation of the programs “Implement in Georgia” and “ENPARD Georgia” is worth mentioning. The programs envisage grant support to micro and small entrepreneurs and agriculture cooperatives.

Mayor’s Office of Tkibuli municipality is actively cooperating with the civil sector, as evidenced by a number of projects carried out in the past. Currently, the municipality cooperates with the Czech non-profit organization “People in Need (PIN)”, with “Tkibuli District development Fund (TDDF)”. The office of PIN-Georgia was founded in Tkibuli in 2005 and since then, it has implemented a number of programs to facilitate the development of small entrepreneurship in the municipality. Within these programs, 42 grants were disbursed. Financed business entrepreneurs continue to successfully carry out their activities. In cooperation with TDDF, the municipality has implemented a number of projects aimed at development of agricultural tourism. In 2018, tourist trail arrangement project, financed by the World Bank, was implemented in the municipality.

Table 3: Assessment of local cooperation

Title/function (field / topic)	Related institutions/persons	Achievements (please also specify how it works – ex. „plans”, implements projects, delivers service, is permanent or special/random)	Evaluation: useful or useless
Support to small business	City Hall Economic Department; Entrepreneurship Development Agency; CSOs Grant recipient entrepreneurs	In 2010-2017, 50 beneficiaries. More than 500,000 GEL This is a state program aimed at implementing micro and small entrepreneurship ideas.	The given program is useful, as 80-90% of financed beneficiaries continue to work and develop.
Support of agricultural development	ENPARD in Georgia; Local representation of the Ministry of Agriculture; CSO; Grant beneficiaries.	In 2014-2017 3 agricultural cooperatives were financed by total amount of 408921 GEL. The program is announced, as required.	Given the fact that all three cooperatives are successful, the program can be said to be useful
Civil participation in decision-making process	Mayor’s civil advisory council; Council on disability issues; Council on gender issues; Youth council; Mayor’s advisory council on social issues	The councils meet each month and carry out the tasks set out in the Regulations. Together with the advisory council on social issues, social needs were assessed and a social inclusion strategy and an action plan of the municipality was prepared for 2017-2018. Monitoring was carried out on the social budget of the municipality and implemented	Cooperation is productive

		social projects.	
Cooperation with the civil sector	City Hall of Tkibuli Municipality. Czech non-profit organization “People in Need (PIN)“; Tkibuli District Development Fund (TDDF).	Tkibuli municipality City Hall is actively cooperating with the civil sector, as evidenced by numerous projects in the past. A number of entrepreneurship development projects have been implemented, joint grants have been disbursed and etc.	Cooperation is productive

As a result of our cooperation, we’ve received financial resources from various programs as well as implemented and ongoing projects. Nevertheless, certain weaknesses have been detected in cooperation between businesses and administration; though there is some contact between municipal and private sectors, it is random and does not focus on development opportunities.

iii. Business-Friendly, Transparent and Corruption-Free Administration

Representatives of the municipality’s economic development service do not have the experience to proactively provide information and deliver services to business companies. In this regard, performance is based on the so-called “demand-supply” principle. They typically respond to different needs and treat businesses on an individual basis, leaving an impression that their approaches may be subjective in some cases.

Currently, the municipality plans to organize business forums in order to improve communication with business companies and to ensure timely provision of information to all interested parties. The forum will seek to identify private sector capacities and to consolidate young people emigrated from the municipality as well as entrepreneurs living in Tbilisi or overseas. As of now, they have expressed prior interest in carrying out various-scale investments in Tkibuli. In particular, it is about participation in projects of tourism, agriculture, trade and other fields. The municipality plans to introduce a tradition of organizing business forums to provide interested persons as well as local entrepreneurs with relevant information on financial resources and municipal services. In addition, the purpose of the forum will be to inform local businesses about modern technologies and new challenges that will encourage them to modernize production, improve product quality and enter new markets.

On a periodic basis, the local representation of the Ministry of Agriculture organizes informational meetings for local farmers; it also provides individual consultations to farmers. Similar types of meetings are not held for representatives of other sectors of the local economy. All is limited to individual consultations with Mayor or representatives of the Economic Service. It is necessary to establish an institutional consultancy mechanism, which will help start-ups and existing businesses to prepare business plans and obtain funding.

Despite numerous efforts of the Municipal Council (Sakrebulo), the level of involvement in Sakrebulo meetings is still low. It holds true for the community, as well as for the civil and private sectors. It is a matter of great concern, as the most important document for the economic development of the municipality - the local budget is reviewed and adopted with low involvement of stakeholders.

Information about all the tenders announced by the municipality is available on the relevant website. Any interested person can participate in the opening of tender proposals. A local Internet TV is functioning, the municipality actively uses social media, covering work of the municipality’s City Hall and Sakrebulo.

The municipality maintains some degree of dialogue with the local business community. Dialogue concerns the issues of common interest, but result-oriented long-term initiatives are lacking.

Table 4: Growth sectors (sub-sectors) and related challenges

(Growth) sector (sub-sector)	Key challenges, which may be overcome with help of business sector
Sector - Agriculture: Sub sectors – tea production, winemaking, beekeeping, livestock, fishing.	Land plots that are suitable for development of tea production are owned by the state and privatization process is hindered; tight finances; lack of knowledge of modern technologies; realization of produced output at favorable price, absence of refrigeration and processing facilities;
Sector - Industrial Activities: Sub-sectors: Coal production, HPP; Fruit processing; Timber extracting/recycling; Block production; Production of bread; Production of metal and plastic; Wood processing; Manufacturing of wooden and laminate furniture.	Obsolete technologies, tough labor conditions - safety; Low interest of investors, which hinders the growth and development of the sector; Lack of access to finance (long-term cheap credit)
Sector-retail trade Sub sectors: small vendors/shops	Lack of access to non-agricultural land; Lack of access to finance (long-term cheap credit)
Sector-tourism	Poor infrastructure at resorts and sightseeings; Lack of hotels and hostels; Faulty tourism information center; Underdeveloped tour routes; Lack of services; Low Qualification of Personnel.
Sector: hotels	Small number of hotels; the quality of existing hotels is mostly lower than average; low quality of service, low qualification of staff.

iv. Access to Finance

Local authorities have limited financial resources and expertise to implement innovative activities or introduce approaches that would facilitate business development, would be well suited to local economic context and would ensure effective use of local economic potential. Commercial banks (Bank of Georgia and Liberty Bank) have their branches only in Tkibuli town. Information on the financial resources available for business development is limited and not always reliable, especially in the villages of the municipality. Business companies face difficulties in terms of securing loans. Due to low liquidity, financial institutions mostly do not regard the property located in the municipality as solid collateral. Consequently, microfinance institutions are the main players in terms of loan disbursement. As a result, people interested in economic activity have to take loans at high interest rates and tough conditions.

Besides the banking sector, there are different options of access to finance and technical assistance for start-ups and existing businesses. Mostly, these are the state programs in the field of agriculture. In this regard, Tkibuli is among the target municipalities of the programs “Plant the Future” and tea plantation rehabilitation program. Nevertheless, the population is little aware of the available state and other donor programs. With help of Mayor’s representatives in administrative units and local civil society organizations, the municipality plans to set up a special platform, which will help to spread information about “Produce in Georgia” and other important programs.

v. Land and Infrastructure

In parallel to the trend of business development in recent years, there is an increasing demand for buildings, land and infrastructure. The municipality carries out identification of all municipal land parcels and buildings

with a view to offering them to potential investors. In this regard, Economic Development and Property Management Services are closely cooperating with each other.

It is noteworthy that the main part of the land remains in the ownership of the state and not of the municipality. The State owns 61.6% of agricultural land (out of 12396 hectares of agricultural land, 7650 hectares belong to the state). As for the privately-held land, it is split among 8221 owners. Thus, we get 0.58 hectares on average per owner. Taking into account the fact that Tkibuli municipality is a mountainous region and the quality of land is poor, investment potential of privately-held land is low. For investment purposes, only state-owned arable land (426 ha) and plots with perennials (mostly tea, 900 hectares) can be considered. The municipality has 4 relatively large (10 hectares and above) landowners, all of them related to multi-year tea production.

The area of non-agricultural land in the municipality makes up 35400 ha and is mostly forested. The state steps out as a major owner here as well. Despite numerous requests and applications, land areas with investment potential have not been awarded to the municipality. In cases when potential investors turn up, it is the state that sells the land parcels.

The municipality puts substantial effort in development of infrastructure. It is mainly reflected in the construction of sports, entertainment, social and other types of infrastructure of local importance, supporting economic development. In recent years, the focus has been put on arrangement of road and sports infrastructure. The municipality tries to provide all the rural areas with access to the administrative center by arranging motorways. Provision of all the rural areas of the municipality with road infrastructure is planned to be completed by 2021.

vi. Regulatory and Institutional Framework

Business registration procedures in Georgia are relatively simple compared to other countries. In just day, any interested person can register his/her business in the municipality or city of preference. The registration is performed by the Public Service Hall.

Out of 6 types of taxes available in the country, only one - property taxes are local. Local tax administration, introduction and abolition issues are solved at the municipal level. In Tkibuli municipality, there are two types of local fees for: cleaning and construction permits. These fees have been defined by Sakrebulo on the basis of a normative act in a way not to restrict the development of business entities.

The development and promotion of private sector is the priority of the state; central and local tax policy is focused on business development.

Business representatives state that despite some progress, there are still a number of unjustified rules, regulations and other administrative barriers. Getting of construction permits and going through all the procedures is the biggest problem. In this field, there is no coordination among the agencies. Every single approval requires time. Applications for construction permit are not discussed by responsible departments all at once, the next agency waits for the result of the previous agency. This leads to the process of assigning new economic purpose to former industrial buildings. In the municipality, there are many such buildings and simplification of the procedures would largely stimulate development of the local economy.

Decisions on local regulations, including privatization, arrangement of auctions and other important economic procedures are made by Sakrebulo, whose representatives are elected by the population. Consequently, the process of adopting these regulations is relatively transparent.

vii. Skills and Human Capital Development

Development of workforce is a relatively new concept for the municipality. The current education system of the municipality does not fully meet the actual needs of the business sector. In the municipality, only one institution is functioning in the field of vocational training - Tkibuli Technological Institute. It only trains a limited number of staff. Given the tourism development conditions in the municipality, there is an increased demand for waiters, foreign language tour guides, guesthouse administrators and more. Unemployment rate is high among young people, who mainly have legal and economic education.

According to 2015-2017 data, 180-190 young people get secondary education annually. Out of these, about 62-65% continue to study at the next level. Quite a large part remains without any education, which once again proves the need for adult vocational education mechanisms.

The only large-scale employer in the municipality is “Saknakhshiri GIG Group”, which cooperates with the mining technological institute of the municipality and entrusts it to retrain personnel of the relevant specialty; however, in general, the coordination between the municipality, business sector and educational institutions can not be considered productive. The cooperation is of sporadic nature and it is not agreed with other companies working in the same sector.

Within the framework of the Vocational Retraining Program of the Ministry of Labor, Health and Social Affairs of Georgia, Adult Vocational Training Courses are implemented gradually in the municipality. The municipality participates in the selection of professions for courses, which provides the Ministry with the information about the required professions. During the course, the Ministry provides for the appropriate infrastructure.

At present, the municipality is elaborating a local development and migration process management plan. Within the framework of the plan, social, economic and valuable capital of migrant citizens will be considered as a significant human capital for local economic development.

viii. External Positioning and Marketing

Tkibuli Municipality has a prospect of becoming an attractive place for residence, work, tourism and investment in comparison with other municipalities in the region. The factor of territorial location is important for expanding the existing businesses and attracting new ones. Over the past five years, the Municipality Administration has made a big investment to improve physical and natural environment and quality of life. Sports infrastructure, sports palace, swimming pool and green spaces with playgrounds are well maintained.

Along with launch of new guesthouses, pedestrian paths were arranged; program of municipal cultural events has become more diverse, leading to increase in the flow of tourists from other regions of the country and from abroad. Tourism Information Center works to promote the municipality as an attractive tourist destination and participates in various events.

Successful examples of external positioning and marketing by public and private sectors of the municipality: at present, development regulation plan is being elaborated for Tskhrajvari recreational area with substantial investment potential. Once the plan is developed, the municipality intends to offer partial investment to potential investors, who have already expressed interest (the main part of infrastructural work will be performed by the municipality itself, see the action plan). Village Satsiri also gives a good example. With the

maximum involvement of local civil society representatives, economic institutions and stakeholders, a strategic document for the development of the village Satsiri was prepared: “Satsire - Village of Future, Raising Competitive Power with the Support of Tourism and Small Business”, based on the research funded by New York Carnegie Corporation.

The following are the hindering factors for external positioning and marketing, and for the growth of economic potential in general: lack of information on export markets, inadequate awareness of local products and services, incompatibility with quality international requirements, improper trade-logistics infrastructure, unqualified staff. The potential of Georgian Diaspora remains untapped in this direction, while it can offer active support to the municipality through implementation of joint economic projects, popularization of Georgian products and establishment of economic ties with business entities of their recipient countries, twinning of municipalities and so forth.

7. SWOT analysis of the municipality

Strengths	Weaknesses
<p>Developed mining industry, with the prospect of further expansion and high qualification staff;</p> <p>The prospect of restoration of traditional tea production, popular brand "Tkibuli tea";</p> <p>Rich natural resources;</p> <p>Tourism Development Perspective: - Moderate climate, natural environment;</p> <p>Diversity of historical cultural and nature monuments;</p> <p>Important historical and natural monuments: Gelati, Motsameta, Tsutskhvati Cave;</p> <p>Hiking, horse riding, railway, cultural-educational, pilgrimage, cave exploration and adventure-tourism development prospect;</p> <p>Imeretian hospitality traditions.</p> <p>Proximity to transport and logistics centers: Railway, Kopitnari Airport, Poti and Batumi ports;</p> <p>Organized road and energy infrastructure</p>	<p>Migration of the population, labor and qualified resource flow, demographic problems;</p> <p>Non-diversified economy, reliance only on one entity (Saknakhshiri);</p> <p>Underdeveloped agriculture: outdated technologies, Low qualifications;</p> <p>Unused natural resources,</p> <p>Inadequate experience of working with investors and business;</p> <p>Lack of tourist placement and nutrition infrastructure;</p> <p>Low service qualifications, lack of experience in tourism service;</p> <p>Outdated internal transport;</p> <p>Low access to the Internet and modern technologies;</p> <p>Poorly organized labor force preparation and retraining system;</p> <p>Low availability of money-credit resources</p>
Opportunities	Threats

<p>Agricultural programs planned by the Government of Georgia; State Program for tea-growing development;</p> <p>Facilitating the development of the fuel-energy industry by the state;</p> <p>Promoting the use of natural resources;</p> <p>Environment conducive to tourism development;</p> <p>Increased interest towards tourism infrastructure by investors</p>	<p>Climate change</p> <p>Natural and environmental conditions;</p> <p>Political instability;</p> <p>Environmental pollution threat;</p> <p>Reduction of forest fund and environmental degradation;</p> <p>Natural disasters;</p> <p>Economic and financial crisis;</p> <p>Instability of the national currency rate;</p> <p>External competition in terms of attracting investments from other municipalities and the state.</p>
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The SWOT analysis of the municipality and the economic trends of 2012-2017 indicate, that Tkibuli municipality has been deeply experiencing difficulties in terms of growing commercialization potential. In fact, the municipality's economy remains undeveloped (mono-economic) and depends on only one large scale operator - mining industry (coal). Once popular Tkibuli tea is now only a popular name; however, in case of the sector development, it has a potential to become a source of increased economic revenue for residents of the municipality's rural areas. In this regard, the State Program for Development of Tea-Growing has already begun.

For tourists, Tkibuli municipality can become an attractive place for its diverse tourist sites and its location between two well-known tourist destinations - Kutaisi and Racha. The lack of relevant qualification and experience in the field of service, coupled with migration of young, qualified people, can become a hindering factor of the development of the sector. That is why it is important to put maximum effort to elimination of these problems. In the development of the sector, it is important to consider the threat of environmental pollution and forest fund reduction.

The need of putting focus on diversification of the economy is confirmed by the following fact: "Saknakhshiri GIG Group" LLC is engaged in the mining industry. (The share of the enterprise in the local budget of the municipality is 94,93%; The share of "Saknakhshiri" employees in the total number of employees in business sector is 80,51%). Tkibuli municipality takes very little participation in the economic development of the country.

Such heavy reliance on a single actor poses a significant threat. As recent events show, there is a possibility that the investor will leave the enterprise and the municipality will be deprived of the major employer and the economic revenues. Accordingly, diversification of economy and reduction of dependence on only one entrepreneurial player remains to be the main challenge for the municipality's economic development. Given the existing background, high cost of bank loans in Georgia, absence of capital alternative markets, as well as resettlement, labor market and economic profile of Tkibuli Municipality, without coal industry, organic

growth (with its own resources) of the processing industry, agriculture and tourism sectors is not expected. The municipality should put maximum effort to development of these fields by providing relevant infrastructure and development conditions.

If the LED plan is mainly directed to tourism development, elaboration and implementation of the sector development program will help to detain tourists arriving for a short time by offering long-term, services intended for several days. In this regard, development of businesses and households engaged in tourism service will significantly contribute to the economic development of the region. There is a relevant potential in the municipality in the form of historical and natural monuments of international importance - Monasteries of Gelati and Motsameta, Tsutskhvati cave. In addition, there are up to 130 historical-cultural, natural, ethnographic monuments, perhaps not so widely known at this stage, but with a significant development potential. Location of the municipality between two famous tourist sites - Racha and Kutaisi is another advantage. Thus, implementation of the local economic development plan is an important component for development of economic capabilities of Tkibuli municipality.

8. Vision and Objectives of Tkibuli Municipality

On the basis of economic structure, building blocks and SWOT analysis of Tkibuli Municipality, the vision of local economic development and strategic objectives have been elaborated by involvement of all members of the partnership:

Vision

Tkibuli - the municipality where sustainable development of economy is ensured by rich historical, cultural, natural and ethnographic heritage and where a favorable environment is established for residence, work and relaxation.

Strategic Objectives

- 1. Diversification of economy, introduction and development of business-service system;**
- 2. Formation of diverse tourism product.**
- 3. Increase of entrepreneurship opportunities and development of business skills.**

9. Action Plan 2019-2020

Building blocs	Key objectives	Actions/project ideas	Duration (start/finish)	Partners involved	Estimated costs (GEL, EUR)	Monitoring indicators/output indicators	Results/outcome indicators
1. Regulatory and institutional framework; 2. External positioning and marketing	1. Diversification of economy; promoting business-service system establishment and development	1.1. Establishment of a private-public dialogue platform	01.01.2019 – 31.07.2019	Local self-government, business sector, local and international CSO	3 000 GEL; 1056 EUR	Output: An institutional mechanism for small and microbusiness development is established in the municipality. Indicators: 1. A board, which brings together 10 representatives of small and micro businesses. 2-year action plan of the Board.	Outcome: economic actors enjoy increased access to information and communication Indicators:
		1.2. Development of cooperation between the private sector and diaspora representatives.	01.10.2019 – 31.12.2019	Local self-government, Department of Diaspora of the Ministry of Foreign Affairs, entrepreneurs from the country and from abroad; IOM	18000 GEL; 6330 EUR	Output: Business relations are established between representatives of Diaspora and business as well as municipalities. Business forum has been organized by the representatives of Diaspora and business sector. Indicators:: 1. Number of the forum participants;	Outcome: Increased access to information and communication for local private and diaspora representatives. Indicators:: Expression of interest in joint investment projects.
		1.3. Arrangement of exhibition-sales and participation in international exhibitions to promote local products and services	01.09.2019 – 31.10.2019 01.09.2020 – 31.10.2020	Local self-government, business sector, tourism department, local and international CSO	12000 GEL; 4225 EUR	Output: Exhibition-sale of local products and tourist services has been arranged. Indicators:: 1. 2 exhibitions; 2. Participation in 3 international forums.	Outcome: increased awareness about the municipality's local products and tourist services
1. Regulatory and institutional framework; 2. Land and infrastructure; 3. Skills and human capital	2. Promoting formation of diverse tourism product	2.1. Identification of areas with development potential and elaboration of the program for their development	01.01.2019 – 31.07.2019	Local and international CSO, business sector, tourism department, local self-government, field experts; o.	30 000 GEL; 10563 EUR	Output: Areas with development potential have been identified; Indicators:: 1. Directions with development potential have been identified 2. A development plan has been	Outcome: The municipality has greater ability to plan tourism development oriented on long-term economic impact Indicators:: A development plan has been elaborated for tourist directions of

development.						elaborated for tourist directions of Tkibuli Municipality.	Tkibuli Municipality
	2.2. Arrangement of tourist infrastructure	01.05.2019 – 31.12.2020	Local and international CSO, business sector, tourism department, local self-government.	3 518 000 GEL; 1238732 EUR	<p>Output: 1. The basic infrastructure of Tskhrajvari tourist complex (road, water, electricity) has been arranged; 2. 3 tourist trails have been arranged. 3. Information billboards have been arranged at Tkibuli historical buildings; 4. Camping infrastructure has been arranged; 5. Satsire tourist zone has been arranged. 6. Tourism information center has been set up.</p> <p>Indicators:: Number of duly arranged roads to tourist destinations; number of newly created picnic and camping areas and hiking trails; 70 m² area, equipped with computer devices and comprehensive information base.</p>	<p>Outcome: Number of tourists has increased in the municipality; Travelers and interested persons have greater opportunity to receive comprehensive information on tourism services available in the municipality. Indicators:: number of tourists</p>	
	2.3. Qualification raising training for the people engaged in the field of tourism	01.08.2019 – 31.12.2020	Local and international CSO, business sector, tourism department, local self-government	20000 GEL; 7042 EUR	<p>Output: the qualification of people employed in tourism sector will be improve. Indicator: 1. Around 150 people have taken part</p>	<p>Outcome: Quality of tourism services will improve in the municipality Indicators:: Satisfaction of tourists has increased.</p>	

1. Regulatory and institutional framework; 2. External positioning and marketing; 3. Skills and human capital development	3. Development of human capacities and skills related to business	3.1. Tracking of land areas rich in fossils (collection of information, specification of data) and preparation of investment packages based on research	01.07.2019-30.11.2020	City Hall of Tkibuli Municipality and international CSO	30 000 GEL; 10000 EUR	in qualification enhancement training. Output: 1. Tracking has been performed on 10 sites 2. Investment packages have been developed. Monitoring indicators: 1. Number of tracking activities 2. Number of investment packages	Outcome 1 The area of land rich in fossil minerals has increased. 2. Number of investments in mining/processing of fossil minerals has increased Indicators:: 1. Area of land used by new investors 2) Size of investments made in resources
		3.2. Arrangement of training courses for economic empowerment of interested young people and women	01.07.2019-01.07.2020	Local self-government, Local and international CSO	30 000 GEL; 10000 EUR	Output: 1. 10 trainings have been held; 2. Around 300 young people have been trained; 3. Young people know how to write a business plan. Indicators: 1. Training minutes and attendance sheet; 2. Number of training participants; 3. Participants pre and port tests.	Outcome: 1. Young people and women are more involved in business; Indicators:: 1. Number of business plans submitted by participants to banks and in various projects.

		3.3. Arrangement of the training “Internet for Development”	01.02.2020-01.12..2020	Georgia’s Innovation and Technology Agency; Local self-government; Local and international CSO.	30 000 GEL; 10000 EUR	<p>Output: 1. 5 training courses have been conducted; 2. Training participants know how to engage in electronic commerce and can use digital marketing tools</p> <p>Indicators: 1. Number of conducted trainings; 2. Number of training participants 3. Pre- and post-tests.</p>	<p>Outcomes: 1. Engagement of micro, small and medium enterprises in broadband Internet and electronic commerce has increased; 2. Electronic and digital education and engagement in electronic commerce are available for socially vulnerable people.</p> <p>Indicators: 1. Number of enterprises engaged in broadband internet and electronic commerce; 2. Number of socially vulnerable people who have access to electronic/digital education and are engaged in digital commerce.</p>
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10. Financing Scheme

Actions	Expected costs	Source of financing						Shortage of financing	Comment
		National programs	Local budget	Upper level budget	Business	Donors	Others (please indicate)		
1.1. Establishment of a private-public dialogue platform	3 000 GEL 1017 EUR		2 000 GEL 678 EUR		500 GEL 170 EUR		500 GEL 170 EUR Local CSO		

1.2. Development of cooperation between the private sector and diaspora representatives (Forum with participation of diaspora and business sector representatives)	18 000 GEL 6 100 EUR		10 000 GEL 3 390 EUR		2 000 GEL 678 EUR	6 000 GEL 2 034 EUR		6 000 GEL 2 034 EUR	
1.3. Arrangement of exhibition-sales and participation in international exhibitions to promote local products and services	12 000 GEL 4070 EUR		10 000 GEL 3 390 EUR		2 000 GEL 678 EUR				
2.1. Identification of areas with development potential and elaboration of the program for their development.	30 000 GEL 10 170 EUR		20 000 GEL 6 780 EUR			8 000 GEL 2 712 EUR	2 000 GEL 678 EUR Local CSO	8 000 GEL 2 712 EUR	
2.2. Arrangement of tourism infrastructure	3 518 000 GEL; 1 238 732 EUR		210 000 GEL 71 0190 EUR	3 205 000 GEL 1 086 440	50 000 GEL 16 950 EUR	50 000 GEL 16 950 EUR	3 000 GEL 1 017 EUR Local CSO	50 000 GEL 16 950 EUR	
2.3. Qualification raising training for the people engaged in the field of tourism	20 000 GEL 6 780 EUR		10 000 GEL 3 390 EUR			10 000 GEL 3 390 EUR		10 000 GEL 3 390 EUR	
3.1. Tracking of land areas rich in fossils (collection of information, specification of data) and preparation of investment packages based on research.	50 000 GEL 16 950 EUR		40 000 GEL 13 560 EUR			10 000 GEL 3 390 EUR		10 000 GEL 3 390 EUR	
3.2. Arrangement of training courses for economic empowerment of interested young people and women	30 000 GEL		20 000 GEL			10 000 GEL 3 390 EUR		10 000 GEL 3 390 EUR	
3.3. Arrangement of the training "Internet for Development"	30 000 GEL		20 000 GEL			10 000 GEL 3 390 EUR		10 000 GEL 3 390 EUR	
Total	3 711 000 GEL 1 257 970 EUR		342 000 GEL 115 932 EUR	3 205 000 GEL 1 086 440 EUR	54 500 GEL 18 475 EUR	104 000 GEL 35 254 EUR	5 500 GEL 1 865 EUR	104 000 GEL 35 254 EUR	

11. Monitoring Indicators and Mechanisms

In order to monitor the present plan, a standing work group will be set up in the municipality (according to the duration of the plan) in which the local self-government representatives will be in the minority. The group will be mainly staffed by local civil and business sector representatives.

Action	Duration	Expected outcomes: months 1-6	Expected outcomes: months 7-12	Expected outcomes: months 13-18	Expected outcomes: months 19-24
1.1. Establishment of a private-public dialogue platform	01.01.2019 – 31.07.2019	Preparatory works have been conducted	The platform has been set up and launched.		
1.2. Development of cooperation between the private sector and diaspora representatives (Forum with participation of diaspora and business sector representatives)	01.10.2019 – 31.12.2019	Preparatory works have been conducted	Forums has been held.	Results of the forum have been summarized, preparatory work has started for the upcoming forum	
1.3. Arrangement of exhibition-sales and participation in international exhibitions to promote local products and services	01.09.2019 – 31.10.2019 01.09.2020 – 31.10.2020	Preparatory works have been conducted	Exhibition-sale of local production has been held. Representatives of the municipality have taken part in 1 international forum.	Evaluation of achieved results, preparatory work has been conducted for new activities	Exhibition and sale of local products was arranged. Representatives of the municipality took part in 2 international forums.
2.1. Identification of areas with development potential and elaboration of the program for their development	01.01.2019 – 31.07.2019	Preparatory works have been conducted. Statistical and other types of data have been prepared on tourism in municipality.	Development program has been elaborated	Work has started for implementation of the program	
2.2. Arrangement of tourism infrastructure	01.05.2019 – 31.12.2020	Projects have been prepared on arrangement of infrastructure	Tender has been announced for infrastructural works	1. The basic infrastructure of Tskhrajvari tourist complex (road, water, electricity) has been arranged; 2. One tourist trail has been arranged; 3. Information billboards have been arranged at Tkibuli historical buildings;	1. Camping infrastructure has been arranged; 2. Satsire tourist zone has been arranged 3. Two tourist trails have been arranged 4. Reconstruction of Tourism Information Center has been completed.
2.3. Qualification raising training for the people engaged in the field of tourism	01.08.2019 – 31.12.2020	A research has been conducted to assess needs of personnel in the field of tourism	30 physical persons have attended a professional training	50 physical persons have attended a professional training	70 physical persons have attended a professional training
3.1. Identification of land areas rich in fossils (collection of information, specification of data) and preparation of investment packages based	01.07.2019- 30.11.2020	Preparatory works have been conducted. Statistical and other types of data have been	40% of land rich in fossil minerals have been tracked	80% of land rich in fossil minerals have been tracked. 1 investment package has	The entire work of tracking land rich in fossil minerals have been completed. 1 investment package

**Local Economic Development Plan
Tkibuli Municipality**

on research		prepared on municipal land rich in fossil minerals		been prepared.	has been prepared.
3.2. Arrangement of training courses for economic empowerment of interested young people and women	01.07.2019 - 01.07.2020	A survey has been conducted on the needs of young people and women interested in business activities	1. 2 trainings have been conducted 2. 50 young people have attended a training 3. Young people know how to write a business plan;	1. 4 trainings have been conducted 2. Around 250 young people have attended the trainings 3. Young people know how to write a business plan.	1. 4 trainings have been conducted 2. Around 125 young people have attended the trainings 3. Young people know how to write a business plan.
3.3. Arrangement of the training “Internet for Development”	01.02.2020-01.12..2020	A survey has been conducted to assess needs of interested persons.	1 training course has been conducted. 20 people attended the training.	2 training courses have been conducted. 40 people attended the training	2 training courses have been conducted. 40 people attended the training
% of the total budget spent (estimate)		10%	30%	70%	100%