



Local Economic Development Plan

Akhaltsikhe Municipality
Georgia

January
2020

Preface from Mayor



Economic enhancement of Akhaltsikhe municipality is one of the main challenges for me. Local Economic Development Plan represents our vision regarding the implementation of mechanisms in order to support local businesses, attract more investments and maximize economic benefits from tourism potential of Akhaltsikhe municipality.

The history of municipality, its geographical location, multi-ethnicity, rich natural resources, tourist, cultural and religious attractions, climate conditions, terrain and land structure, various fields of traditionally developed agriculture, entrepreneurial diversification, investment potential, road infrastructure and existing services give our municipality a real opportunity to strengthen its economic ability. On the other hand, an active dialogue and cooperation between public and private sectors, as well as identifying needs and priorities correctly and joint planning and implementation of events are crucially important for our municipality, especially, when the municipality has limited financial resources.

As our administration is deeply aware of necessity and importance of governing principles, that have already been successfully introduced and implemented in the member states of the European Union, it is a great honor and responsibility for me to cooperate with the Western partners and we believe, that sharing the mentioned experience shall guarantee local economic enhancement.

I would like to thank everyone, who participated in preparation process of the present Local Economic Development Plan. I call on all economic actors of Akhaltsikhe municipality to actively engage during the implementation process of the Plan. We hereby express our readiness to implement Local Economic Development Plan and fulfil obligations that we have undertaken within the framework of the EU initiative.

Respectfully and with hope of further cooperation,
Mayor of Akhaltsikhe Municipality
Zaza Melikidze

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Executive Summary

Local Economic Development Plan has been prepared within the framework of the European Union initiative “Mayors for Economic Growth”, by local economic development partners, with an equal participation of local government, business sector and NGOs. As a result, the main economic fields have been identified, that is based on the best European practice and approaches. It aims private sector development, that will eventually promote local development and support employment. We identified opportunities and needs for development during the preparation process of the Plan and in-depth SWAT analysis has been prepared. It is important to overcome weaknesses in order to achieve economic growth, such as insufficiently developed business infrastructure, migration of local workforce, lack of municipal services, that would promote economic development, insufficient level of technology and lack of awareness in the business sector, low awareness of the municipality and more.

Economic development plan of the municipality has been prepared: Akhaltsikhe municipality with its well-developed tourism infrastructure and diversified entrepreneurship is an attractive place to visit, to work and do business. In order to achieve the above-mentioned, the main goals of the municipality have been determined: development of tourism infrastructure, promotion of local products, Development of entrepreneurial skills. In order to achieve these goals, the following activities have been planned: Arrangement/rehabilitation of pedestrian paths and surrounding infrastructure, arrangement of new parks and squares within the territory of the municipality, organizing exhibitions and sales of products made by folk craftsmen, organizing trainings in business basics for interested persons, funding small grants.

The plan also includes the estimated amount of funding and resources needed for the events. 2.1 million GEL (755 thousand Euros) will be mobilized by the partnership to implement the plan. 650 thousand GEL (232 thousand Euros) will be allocated from the budget of Akhaltsikhe Municipality to finance the events. Costs related with works will be covered by state budget with amount of 1.4 million GEL (509 thousand Euros) and the private sector will spend 20 thousand Lari (7.1 thousand Euros) for implementation of the Plan.

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LEDP – Local Economic Development Plan

SWOT - Strengths, Weaknesses, Opportunities and Threats

4. Introduction to Plan

Akhalsikhe municipality joined the initiative of "Mayors for Economic Growth" in April 25, 2018 and expressed its readiness to work closely with business sector and civil society, establish partnerships, promote sustainable and inclusive local economic growth, development and employment.

Akhalsikhe municipality is located in the Southern part of Georgia. City of Akhalsikhe represents an administrative center of the region of Samtskhe-javakheti. Akhalsikhe is 207 km away (takes approximately 2 hours and 40 minutes) from the Capital of Georgia – Tbilisi. Akhalsikhe municipality is bordered by - Kharagauli and Borjomi municipalities from the North, Aspindza municipality from the East, Adigeni municipality from the West and state border of Turkey from the South. Akhalsikhe Municipality is an important crossroad, intersects roads of international importance such as: Khashuri-Akhalsikhe-Vale (border of the Republic of Turkey) and Akhalsikhe-Ninotsminda (Armenian border) roads, as well as Khashuri -Vale 36.6 km section of 91 km railway. The distance from the administrative center of Akhalsikhe Municipality to Batumi is 168 km, to the Armenian border (customs checkpoint - "Ninotsminda") - 89 km and to the Turkish border (customs checkpoint - "Vale") - 12 km. The area of the municipality is 1010.3 sq. Km, 48.65 sq. km is agricultural land. Forests cover 38.4% of the municipality's territory. The cities of Akhalsikhe and Vale are included in the administrative boundaries of the municipality, as well as 46 villages and 33 villages have the status of high mountainous settlement.

A number of significant ongoing projects, such as: rehabilitation of Abastumani resort, reconstruction and construction of Kutaisi-Abastumani motorway and other important projects open a new economic opportunities for the municipality. The Baku-Tbilisi-Ceyhan oil pipeline and the Transcaucasian gas pipeline pass through the territory of the municipality. As of January 1, 2019, the population is 39,400 people, including men - 48.07%. 56.79% of the population lives in the city and town (including 42.20% in Akhalsikhe and 14.59% in Vale). The working age population, as those aged from 15 to 65 years, is 65.10%, including women - 48%. The average annual number of employees in the business sector is 4019. Over the recent years, the migration increased, especially for young, skilled workforce, who go to work in large urban settlements and more developed countries, as they look for better employment opportunities, where they receive an adequate remuneration. Another negative trend is related to population aging. The average age of men in the municipality is 35.9 and the average age of women is 40.1. The rate of population aging is high in rural settlements and in fact, the administrative center of the municipality is attracted not only by working age population of municipality, but also by the population of neighboring municipalities, that gives us a positive dynamic of population growth.

COVID-19 has become a new challenge for the municipality. Tourism was one of the fastest growing sectors of the municipality before the epidemic and employment rate increased in the sector every year. Today, the municipality is forced to reconsider its tourism capabilities and policies in order to support the sector.

The present Local Economic Development Plan was prepared for "Mayors for Economic Development" initiative. The plan was prepared in close dialogue with the private and public sectors, that focuses on private sector development in order to ensure economic growth, development and employment. The document complies with the the priorities document of the municipality for 2019-2021 and to the Social-economic Development Strategy of Georgia - "Georgia 2020".

The plan was developed in cooperation with the private sector and civil society, by the working group set up by the Order of the Mayor of Akhaltsikhe Municipality, in partnership with local government, private and public sector, on the basis of the principal of equality.

31% of the funds needed for the activities outlined in the plan will be financed from the budget of Akhaltsikhe Municipality and allocated in the local budget in the form of programs and sub-programs. An agreement on financing from a high-level budget has been reached with the Ministry of Regional Development and Infrastructure of Georgia. The private sector of the municipality will also take part in the implementation process of the plan.

5. Preparation Process of Local Economic Development Plan

The local economic development plan was created as a result of collaboration between the mayor, private sector and civil society. A working group was created by the Mayor's order and with the participation of municipal economic development officer. Working group composition was agreed with the partners. The working group consists of 4 members 1 from business sector, 1 from civil society and 2 from municipality.

The Local Economic Development Partnership consists of persons interested in economic development of the municipality. It includes representatives of organizations and individuals who may play significant role in economic development of the municipality and those, who can receive the most benefit from the local economic development of Akhaltsikhe. Among the members of the partnership, local and regional government officials are in the minority compared to the private sector and civil society. The partnership consists of 7 members, 4 members are females. The partnership makes decisions by a simple majority of votes.

Intensive consultations were held during the working period between the working group and the partnership. Meetings were held with representatives of certain sectors of the economy, various social groups and settlements of the municipality. Meetings were held with representatives of the Samtskhe-Javakheti State University, vocational schools, high school graduates of the Samtskhe-Javakheti region, and the executive and representative structures of neighboring municipalities. In total, 10 meetings have been organized.

Face-to-face meetings and surveys, as well as online communication tools were used to explore the views of interested parties, representatives of the municipality and private sector. Online communication tools were used especially during the last stage of plan preparation, when we all experienced restrictions imposed due to a pandemic.

6. Local Economic Analysis

6.1. Analysis of Local Economic Structure: Trade, tourism, manufacturing, agriculture and services are vital industries to Akhaltsikhe municipality. Akhaltsikhe Municipality and its administrative center represent important trade crossroads for neighboring municipalities and that is why, trade is the main industry of the municipality's economy. More information is represented in annexed diagram. There is a University in Akhaltsikhe, that is one of the defining factors of internal (regional) migration. Although many young people migrates for education to other regions, mainly to the city of Tbilisi. According to the National Bureau of Statistics of Georgia, as of May 1, 2019, 2752 enterprises and entrepreneurs are registered in Akhaltsikhe Municipality, among them 1170 have active status, detailed information about their distribution of economic activity of Akhaltsikhe municipality is represented in Annex.

Promising field for the development of municipal economy is tourism. Statistical information on tourists visiting the municipality and structure is included in the Annex set forth below. Along with tourism development, businesses, providing the relevant services, have been actively growing, namely: 32 hotels (the total number of beds 942) operated within the territory of municipality in 2015 and as of May 1, 2019, the mentioned data increased up to 49 (the total number of beds 1300). The increase in the number of hotels was due to the development of small, family hotels, that obviously indicates active growth of micro and small business industries in the municipality. In order to support tourism development, the municipality regularly organizes the various activities and participates in various events, such as participation in international tourism fairs, printing and distribution of informational brochures, event calendars, etc.

Over the years, Akhaltsikhe Municipality, together with the Georgian National Tourism Administration, participated in international tourism exhibitions held in Georgia and abroad. Akhaltsikhe municipality joined “Newcastles of the World“ alliance in 2016. The aim of the alliance is to foster friendship between the cities and towns of the World sharing the same name “Newcastle“, the main objective of cooperation is a tourism sector. Residents of some of the member cities (countries involved in the project: USA, Japan, Germany, Switzerland and Georgia) have the opportunity to get various discounts while traveling to these cities, that significantly increases the awareness of Akhaltsikhe Municipality at the international level. The municipality and the administration of Akhaltsikhe castle periodically conduct a three-language survey for tourists and visitors visiting the castle, as a result of their feedback, it turned out, that there was not enough information available for them. Accordingly, Akhaltsikhe municipality, with support of National Tourism Administration, installed 17 informational-orientation signs defining the directions of tourist attractions in Akhaltsikhe and 4 billboards with map and information of historical-cultural monuments of Akhaltsikhe. Tourists and visitors also underlined the issue of lack of recreational zones, Akhaltsikhe municipality arranged outdoor sports complex at Akhaltsikhe Lake, where fishing, boat and water bicycles can be hired. Akhaltsikhe municipality periodically provides updated information on the tourist potential of the municipality to the travel agencies.

COVID-19 became new challenge ahead for the tourism sector and the municipal government. Under applicable law, the municipal budget includes only property taxes and the state has declared payment moratorium. These revenues have been deducted from the municipal budget, but the main problem is the reduction of business revenues in tourism and the loss of jobs. For the next 2 years, the municipality and businesses will focus on domestic tourism and improving standards.

Population of the municipality owns around 13,500 cattle, 2,300 pigs, 1,600 goats/sheep and 93,000 birds. Produced cheese and eggs are sold in local and regional markets and in markets of Capital city.

The main market for livestock products is local population, local hotels and restaurants, detailed information regarding produced meat in 2018 is available in annexed diagram;

Raw milk produced in livestock farms and households is about 13.8 thousand tons, while wool produced is 5.7 tons. The municipality has about 3,000 bee families, production volume of honey was 56.5 tons in 2018. The regular migration of farmers to alpine pastures during the summer contributes to the development of livestock (mainly cattle) and beekeeping. Although, in order to develop the value chain, it is important to create small meat and honey processing enterprises, that will support local product diversification and increase sales.

The main contributing factors to the development of animal husbandry are fertile alpine pastures and climatic conditions, that creates great opportunity for the development of raw milk processing industry. It is also worth to mention, that 33 out of 46 settlements have status of high mountainous settlements, that gives the various tax privileges to physical persons and legal entities, interested in the development of the mentioned sector.

Despite these contributing factors, the milk processing sector does not develop well, as the main milk producers in the municipality are households and they are not under the supervision of regulatory structures, unlike entrepreneurs, that are engaged in raw milk processing.

The 492 entrepreneurial entities operating in the industrial sector are mainly represented by businesses, operating in the field of trade. Thermal waters obtained from the territory of the municipality are used to extract CO₂, that is fully distributed to “Coca-Cola“. Over the past two years, the state project “Plant the future“ initiated within the framework of “United Agroproject“, funded several walnut gardens. The project is quite successful. Massive cultivation of berry crops (raspberries, blueberries) is also in progress, that obviously leads to growing demand. Agricultural products have a significant contribution. Planted herbs and vegetables cover the total area of 2,000 hectares.

The administrative center of the region - the city of Akhaltsikhe, with its geographical location, creates a favorable precondition for the development of a regional logistics center, in fact, the terminal in the municipality has doubled its production space since 2018. As, villages of Akhaltsikhe municipality and farmers from surrounding municipalities use market of Akhaltsikhe, their “consumer basket“ is replenished here. The fact that the center of the municipality represents crossroad for tourists and transport - underlines the great investment potential of Akhaltsikhe municipality.

COVID-19 has created new demands in the field of trade and production of local products. Leadership of the municipality and business sector agreed to develop the plan together in order to overcome the challenges.

6.2 Local Cooperation and Networking: The network of cooperation between business companies is at the initial stage of development, most of them have been registered as union – associations of entrepreneurial or non-entrepreneurial legal entities in order to obtain specific grant resources. Although they failed and associations were not able to continue the functioning.

Representatives of any institutions and businesses have possibility to share information and experience with each other during spontaneous meetings.

We have some experience of structured collaboration in the field of agriculture, namely in establishment of agricultural cooperatives. Over the past five years, changes in Law, state initiatives, and efforts taken by international organizations have been actively promoted the development of agricultural cooperatives and encouraged such collaborations. State and international organizations and programs support financial empowerment of agricultural cooperatives and to improve their skills through joint trainings and exercises and accordingly, we created a platform, where representatives of different cooperatives have an opportunity to cooperate to each other and share each other`s experiences. Currently, there are 5 agricultural cooperatives operating in the municipality with the financial support of ENPARD (72,700 euros).

We also have an experience of cooperation with business operators. The Mayor launched a new initiative, that allows the representatives of business sector and local government to meet and discuss the possibilities of funding the specific projects and representatives of business sector regularly receive an updated information regarding the sources of possible funding.

We have some experience of cooperation between business operators and the municipal administration. The initiative of the Mayor of the municipality is to hold meetings with the representatives of the business sector and the leadership of the municipality, within the framework of these meetings the specific possible funding for implementation of various projects is discussed. Although the municipality has Mayor`s advisory board, Youth and gender Boards, cooperation with NGO`s representatives is considered as a formal step towards the public sector.

The municipality always expresses its readiness to cooperate with business and private sectors at the meetings. The municipality is ready to implement joint projects that will help increase the qualification of representatives of private sector, increase trust in the municipality, improve the investment climate and attract more investments.

6.3. Business-friendly, Transparent and Corruption Free Administration: The priority of Akhaltsikhe Municipality is to promote transparency, accountability and openness of projects implemented by local government, that will ensure the introduction of good governance principles and reduce the level of corruption in the process of public administration.

The meetings revealed the following recommendations: the possibility of obtaining information in an interactive mode, the elimination of delays in the decision-making process and the simplification of the permit issuing process.

The municipality is a member of the Open Government Partnership (OGP) initiative and has undertaken obligation to promote transparency, increase of scope of civil rights, fight corruption and introduce new technologies. A web platform with integrated electronic services and interactive map was developed that will allow users to receive full information about all activities, services and projects planned and carried out by the municipality.

For the purpose to ensure transparent and corruption free governance civic engagement portal, web portal of services offered by the municipality and e-petition system has been created.

We aim to launch new mechanisms for participatory budgeting and mechanisms for civil control over budget expenditures in near future. The Transparency and Anti-Corruption Strategy of the municipality is in the process of development.

The municipal administration aims to promote the development of the business sector by carrying out various activities, develops the infrastructure throughout the municipality, so that the whole territory of the municipality is equally attractive for the implementation of new business ideas.

Information about the tenders announced by the municipality is uploaded to the web page of the State Procurement Agency and any interested person is able to submit the bid. The activities carried out by tender commission is transparent and all decisions are uploaded to the web page of the Agency.

Issuing permits in order to privatize or use municipal property is carried out through an electronic auction, information about the right to privatize and use property is uploaded to the official web page of the Service Agency of the Ministry of Finance. Electronic auction is available for everyone. Municipal Council meetings are open to citizens and they can submit remarks and initiatives. However, the interest of business representatives to participate in the meetings is quite small. Actively operated the official web page of the municipality, where local news and information regarding the works carried out by the municipality are regularly uploaded.

6.4. Access to Finance: The main financial resources are commercial banks, microfinance institutions and donor organizations. Also, the various state programs with financial support are available.

The regional branches of commercial banks and microfinance organizations of Georgia operate in the city of Akhaltsikhe. Despite the fact, that competition among them is quite high, high interest rate on loans interferes the availability of favorable environment for local businesses.

In order to support small and medium-sized businesses and the favorable investment environment, the program "Produce in Georgia" was launched in 2014. The program provides access to financial resources, real estate and consulting services for entrepreneurs.

Banks and microfinance organizations operating on the territory of the municipality issue only small unsecured business loans without collateral, the demand for more loans increases and business companies face difficulties in obtaining the necessary collateral for loans (low quality of liquidity).

6.5. Land and Infrastructure: Over the recent years, business development has led to increased demand on buildings, land and infrastructure and unregistered land plots and errors in cadastral data (borders) remain a serious problem in the municipality.

Customers interested in Real estate (immovable property) mainly target residential, commercial and agricultural areas, as they consider the main fields of economy of Akhaltsikhe municipality. Land demand across the city of Akhaltsikhe mainly covers the commercial sector. In order to properly manage the former industrial areas and land owned by the municipality, a study of the area across the municipality is underway to develop the existing land resources, considering the needs of different sectors of the economy.

The total area of agricultural land within the administrative boundaries of the municipality is 48.7 thousand hectares, 7.0 thousand hectares are privately owned, 145.6 hectares are owned by the municipality.

The rest is a state-owned area. Agricultural lands are distributed as follows: arable land 9.8 thousand hectares, perennial plants 1.1 thousand hectares, pasture 6.0 thousand ha and mowing land 31.8 thousand hectares.

Out of 7.0 thousand hectares of agricultural land of the private sector, 5.15 thousand hectares were cultivated in 2018 - annual crops (potatoes, cabbage, onions, beets, etc.) were produced in 2.9 thousand hectares, cereals (wheat, barley, oats and corn) in 2.1 thousand hectares and legumes in 0.17 thousand hectares.

There is University and professional college in Akhaltsikhe, that gives an opportunity to create a business incubators, that will support to generate new business ideas and start a new business.

There are many vacant state-owned lands within the territory of the municipality, in case of substantiated demand, certain properties are transferred to the municipality in possession and in case of interest from the private sector, communication is made between the municipality and the relevant organization takes place.

6.6. Regulatory and Institutional Framework: In accordance with applicable law of Georgia, scope of municipality in terms of defining the legislative and institutional framework to support economic development and support favorable business environment is quite limited and it represent the scope of the central government. According to the applicable law, the municipality is an independent self-governing body. Only one of the 6 existing taxes is a local property tax. The competence of the self-government includes the determination of the property tax rate, not more than 1% of the limit imposed by the legislation. Only 1 out of 6 existing taxes – property tax is a local tax. The competence of the self-government includes the determination of the property tax rate, for not more than 1% of the limit imposed by the Law. The local authority of Akhaltsikhe municipality is to set local fees and determine its rates. Today, there are 4 local fees in Akhaltsikhe Municipality, that are administered according to the relevant resolutions issued by the Council of Akhaltsikhe Municipality.

These taxes are: 1. Construction permit (except for the construction of radiation or nuclear facilities of special importance); 2. Fees for cleaning populated areas; 3. Gambling businesses; 4. Fees for (accelerated service) issuing/amending act on confirmation of construction permit conditions (except for the construction of radiation or nuclear facilities of special importance)

According to business environmental assessments, private companies do not have problems of communication with state authorities. The main challenge is the duration of provision of service.

At this stage, Akhaltsikhe municipality does not have enough opportunity to develop a general plan of the municipality, on the basis of which it will be possible to develop framework plans for the development of certain areas. This would allow the municipality to introduce a uniform practice in terms of permit procedures and general policies related to urban issues.

One of the main challenges for the private sector is that setting out auctions of municipal property is a time-consuming process. In order to solve it, we planned to register municipal property and upload the project to the web page. We believe, that this will simplify this process and speed up its completion.

a project for registration of municipal property and posting on the website is planned, which will simplify and speed up the procedures available today.

6.7. Skills and Human Capital, Inclusiveness: Despite the fact, that there are vocational and higher education institutions in Akhaltsikhe, the education system does not meet the real needs of the business sector. Demand for qualified service personnel increases, as tourism development grows in the municipality. Also, foreign language guides, engineers in the various fields, cooks, veterinarians, accountants, lawyers and other professions are in a high demand. In fact, there is a demand for qualified personnel in almost all sectors. Although, as the salary is low in the local labor market (in 2018 the average salary amount was 650.00 GEL, that is almost 15-20% higher than the previous year`s data), qualified workforce looks for jobs in other municipalities, regions and cities. Surveys of construction workers revealed their high demand for technical and engineering personnel, high demand for qualified service providers in hotels, guest houses and restaurants.

Considering all of the above-mentioned, it can be said that there is a clear gap between the demand in the private sector and the supply from educational institutions. In order to reduce the gap, Akhaltsikhe municipality established coordinating body, that ensures the synchronization of business requirements and supply of educational institutions.

6.8. External Positioning and marketing: Compared to other municipalities in the region, the municipality is considered as an attractive place for tourism development and investments. The location is an important factor for expanding existing businesses and attracting new business companies. Over the past 5 years, the municipality`s administration has invested heavily in the development of infrastructure of the municipality in order to improve the physical and natural environment and quality of life. Today, the main landmark of the municipality, for both - local and foreign visitors - is “Akhaltsikhe Castle“, there is a Museum within the territory of the castle. There are wide variety of architectural monuments in the municipality. The Akhaltsikhe castle Administration regularly conducts surveys among foreign tourists visiting the castle, about what they would like to see on the territory of the municipality, they have the various answers, but the vast majority of tourists wish the local government to develop tourism infrastructure, recreational parks, pedestrian paths, and extreme tours for adventure lovers.

The main challenge for the municipality is to attract tourists having the different interests. The project idea initiated by the moto enthusiasts in the municipality submitted the project regarding the joint development of this sport and extreme tourism.

With collaboration of private sector, the negative factors affecting the positioning of the municipality have been revealed, such as: depreciated sewer system in the city, centralized water supply system in the city, lack of shelter for homeless animals, that makes the city uncomfortable for a lot of tourists visiting Akhaltsikhe.

7. SWOT Analysis

Strengths	Weaknesses
1. Favorable business environment;	1. Lack qualified workforce;
2. Strategic location;	2. Irrelevant level of professional trainings;
3. Rich cultural heritage; Wide variety of tourist attractions;	3. Low quality of provision of service (especially, in regards to tourism industry);
4. Variety of landscapes, the relevant environment for	

- developing adventurous and pilgrimage tourism;
 - 5. Availability of Tourism Information Center;
 - 6. The relevant environment for production and sales of agricultural products;
 - 7. Available agricultural lands and infrastructure;
 - 8. Wide variety of products made by local folk craftsmen;
 - 9. Diversity of financial institutions;
 - 10. Availability of higher educational institutions and Vocational schools;
 - 11. Business-friendly, transparent and corruption Free administration.
- 4. Ineffective use of internet and other resources in order to promote the municipality;
 - 5. Low quality of availability of information regarding the investment potential of the municipality;
 - 6. Experience working with investors;
 - 7. Lack of land use plan of the city;
 - 8. Unstable practice of network collaboration;
 - 9. Lack of infrastructure and municipal projects supporting businesses.

Opportunities	Threats
1. State programs supporting Akhaltsikhe to become a tourism hub;	1. COVID 19 and other pandemics;
2. State programs supporting the development of businesses;	2. Outflow of skilled and qualified personnel;
3. State programs supporting the development of Regional Logistics Center;	3. natural events

In order to successfully deal with economic challenges of Akhaltsikhe, we should maximally use our strength - domestic tourism. In collaboration with educational institutions, it will be necessary to strengthen the skills of local small and medium-sized businesses and start-up businesses, as well as the assistance of local businesses in sales through connections and activities organized by the municipality.

8. Vision and Objectives

Akhalsikhe municipality, with its well-developed tourism infrastructure and diversified entrepreneurship is an attractive place to visit, work and do business.

We have a long-term vision. In order to achieve the desired result, joint efforts of the municipality, local private sector and civil society will be required and its achievement will significantly exceed two-year period, that is defined by the action plan.

Objectives:

1. Development of tourism infrastructure;
2. Promotion of local product;
3. Development of entrepreneurial skills.

9. Action Plan

Thematic Blocks	Main Objectives	Activities/project ideas	Duration (Commencement/ Completion)	Participating Partners	Estimated Cost (National Currency & Euro Equivalent)	Prompt Result (Product) Indicators and Objectives	Final Result/ Indicators and Objectives
Development of Infrastructure	1. Development of tourism infrastructure	1.1. Arrangement-rehabilitation of pedestrian paths and surrounded infrastructure in city of Akhaltsikhe	05.2020-05.2022	Municipality; Georgian regional projects fund	1 500 344 Lari 535 837 Euro	16 streets of city of Akhaltsikhe have been rehabilitated	Arranged streets Income of surrounded businesses has increased by 5%
		1.2. Arrangement of new parks and squares in the territory of the municipality.	06.2020-06.2022	Municipality;	295 000 Lari 105 357 Euro	6 squares/parks have been arranged.	Favorable environment for arrangement of tourist facilities
External positioning and marketing	2. Promotion of local product	2.1. Exhibitions and Sales of product made by folk craftsmen.	08.2020-05.2022	Municipality; Folk craftsmen.	80 000 Lari 28 571 Euro	2 exhibitions and sales of local product have been organized	Income of craftsmen has increased by 10%.
		2.2. Exhibition and sales of local product	07.2020-05.2022	Municipality; Local product manufacturers	70 000 Lari 25 000 Euro	2 exhibitions and sales of local product have been organized	Income of manufacturers of local product has increased by 15%.
Development of Skills and Human Capital; Access to Finance	3. Development of entrepreneurial skills.	3.1. Trainings in business basics for interested persons	05.2020-05.2022	Municipality;	72 000 Lari 25 714 Euro	50 persons have been trained	10 Trained person started business, based on received knowledge of theoretical methods and systems
		3.2. Funding small grants	05.2021-05.2022	Municipality Local business	100 000 Lari 35 714 Euro	10 best projects have been selected and funded through competition	20 new job opportunities have been created

10. Financing Scheme

Activities	Cost Estimate	Source of Funding				Lack of funding	Remarks
		Local Budget	High Level Budget	Business	Donors		
1.1. Arrangement-rehabilitation of pedestrian paths and surrounded infrastructure in Akhaltsikhe	1 500 344 Lari 535 837 Euro	75 018 Lari 26 792 Euro	1 425 326 Lari 509 045 Euro				
1.2 Arrangement of new squares and parks in the territory of municipality.	295 000 Lari 105 357 Euro	295 000 Lari 105 357 Euro					
2.1.Exhibition and sales of products made by folk craftsmen.	80 000 Lari 28 571 Euro	80 000 Lari 28 571 Euro					
2.2. Exhibition and Sales of local product.	70 000 Lari 25 000 Euro	60 000 Lari 21 429 Euro		10 000 Lari 3 571 Euro			
3.1. Trainings for interested persons in business basics	70 000 Lari 25 000 Euro	60 000 Lari 1 429 Euro		10 000 Lari 3 571 Euro			
3.2. Small grants funding	100 000 Lari 35 714 Euro	80 000 Lari 28 571 Euro		20 000 Lari 7 143 Euro			
Total	2 115 344 Lari 755 480 Euro	650 018 Lari 232 149 Euro	1 425 326 Lari 509 045 Euro	40 000 Lari 14 285 Euro			

11. Plan for Internal Monitoring of Activities

Activity	Duration (Commencement/ Completion)	Expected Results 1-6 months	Expected Results 6-12 months	Expected Results 12-18 months	Expected Results 18-24 months
1.1. Arrangement and rehabilitation of pedestrian paths and surrounded infrastructure in Akhaltsikhe.	05.2020-05.2022	Project for implementation of works has been adjusted	Agreement has been concluded with applicant selected in accordance with law on State Procurement.	rehabilitation of 8 streets have been completed	rehabilitation of all 16 streets have been completed
1.2. Arrangement of new squares and parks within the territory of the municipality.	05.2021-05.2022	Project for implementation of works has been adjusted	Agreement has been concluded with applicant selected in accordance with law on State Procurement.	Arrangement of 3 parks/squares have been completed	Arrangement of all 6 parks/squares have been completed
2.1. Exhibitions and sales of products made by folk craftsmen.	05.2020-05.2022	The plan of event to be organized has been clarified	1 exhibition and sales event has been organized	New plan based is prepared based on the results of conducted exhibitions and sales	All 2 exhibitions and sales event have been organized
2.2. Exhibitions and sales of local products.	06.2020-06.2022	The plan of event to be organized has been clarified	1 exhibition and sales event has been organized	New plan is prepared based on the results of conducted exhibition and sales event	All 2 exhibitions and sales event have been organized
3.1. Trainings in business basics for interested persons	08.2020-05.2022	In collaboration with LEPL Samtskhe-Javakheti State University, a research on needs of small and medium businesses has been conducted and on the basis of the research a training program has been prepared.	10 Interested persons have been trained in accordance with training program	20 interested persons have been trained in accordance with training program	20 interested persons have been trained in accordance with training program.
3.2. Funding small grants	07.2020-05.2022	Terms and conditions of grant competition has been prepared	Grant competition has been conducted.	10 participants of grant competition have been funded	20 job opportunities have been created