



Local Economic Development Plan

Lanchkhuti Municipality
Georgia

September 2019

Preface from Mayor

Raising the standard of living of local population and economic development of Lanchkhuti municipality is the main goal of our work. Geographical location, favorable conditions for the development of agricultural sector, diverse tourist and cultural facilities allow us to consider that properly set objectives and ways of achieving them will lead to significant economic growth within the next two years. In the process of developing the plan it was particularly interesting for me to relate with the private and civil sector representatives. The issues raised by them allowed me to see differently the economic problems of the municipality.

Within the framework of the EU initiative "Mayors for Economic Growth" an Action Plan has been developed. Implementation of the Plan will be an important step in the development of the municipality.

I will personally make every effort to fully implement the actions outlined in the Action Plan and achieve the strategic goal. I would like to thank everyone who participated in the elaboration of the plan. I hope that even wider group of actors will be involved in implementation and monitoring of the plan to make Lanchkhuti municipality attractive for Georgian and foreign investors with its Free Economic Zone and developing tourism infrastructure, also to raise the standard of living here.

With Respect,

Mayor of Lanchkhuti Municipality
Aleksandre Sarishvili



To receive a copy of the plan, please contact:

Name, surname: Maya Apkhazava

Position: Head of Division of Economics and Tourism Development of Lanchkhuti Municipality City Hall

Address: Lanchkhuti, N37, Kostava Str., Tel.: +995 591 23 29 29

E-mail: lanchkhuti@yahoo.com

Website: lanchkhuti.gov.ge/

Executive Summary

The vision of Lanchkhuti Municipality is to turn the municipality into an attractive place for local and foreign tourists with its free economic zone and developed tourism infrastructure. To achieve the goal various measures and activities are planned with active participation of the private, public and civil sectors. In the process of elaboration of the plan an in-depth analysis of the problems faced by the municipality was made. Particular attention was paid to the activities aimed at increasing recognisability of the municipality. To improve tourist attractiveness several infrastructure projects with high budgets were planned. While Lanchkhuti has traditionally been considered an agrarian municipality, a significant part of the plan is dedicated to the analysis and development prospects of this sector. Lanchkhuti municipality will finance part of the activities from its own budget and the main part of the activities will be financed from the state budget. Based on active negotiations with the private sector, funding of a part of activities will be provided by private businesses. In addition, part of the activities envisages attracting donors, it is necessary to work actively to find external sources of financing.

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Abbreviations

LED – Local economic development

SWOT – Strengths and weaknesses, opportunities and threats

3. Introduction to Plan

Lanchkhuti Municipality joined the EU initiative “Mayors for Economic Growth” in October 2018. After signing the agreement active work with the participation of public and private sectors and civil society representatives has begun to plan the activities for economic growth and development of the municipality. The Plan has been elaborated in compliance with Guria region development strategy 2014-2021, approved by the Decree of the Government of Georgia #1363 of September 17, 2013, the regional development program of Georgia 2018-2021, approved by the Decree of the Government of Georgia №1292, the action plan of the social-economic development strategy of Guria region and Guria tourism development strategy prepared within the framework of the project “Participatory Principles for Guria Tourism Development Strategy”. It is noteworthy that unlike all existing documents this plan has been developed in the light of the private sector initiatives.

The municipality borders with the Black Sea coast (resort), Samegrelo-Upper Svaneti (Poti, Khobi Senaki, Abasha), Guria (Chokhatauri, Ozurgeti) and Imereti (Samtredia) municipalities. The municipality is rich in water resources with several lakes and rivers in its area.

Highways of international significance pass through the territory of Lanchkhuti; these are Tbilisi-Batumi and Poti - the Republic of Turkey connecting highways. The distance between the city of Lanchkhuti and Poti Port is 40 kilometers; it is 80 kilometers (1 hour, 20 minutes’ drive) away from Batumi Port, 45 kilometers (40 minutes’ drive) away from Kutaisi International Airport and 80 kilometers (1 hour, 30 minutes’ drive) away from Batumi Airport.

There are 55 settlements (1 city and 54 villages) in the municipality with 30,8 thousand inhabitants. 49.18% of the population in the municipality are women. 20,3% live in the city.

The process of developing the Local Economic Development Plan was very interesting and provided important information to the municipality. For the first time, SWOT analysis of economic situation with the participation of the public, private and civil sectors was made, which showed us a real picture of existing problems and enabled us to elaborate an effective action plan.

The total budget of the plan is 1,624 million GEL. Funding for the activities will be provided both from the local and state budgets, funds will be also allocated by the private investors. The funding gap is 16%.

4. Process of Local Economic Development Plan Development

At the initial stage of elaboration of the Local Economic Development Plan, the LED Officer was appointed by the Mayor’s order. In agreement with the Mayor the LED Officer selected working group members. Except for municipal officials, representatives of civil sector and the Chamber of Commerce and Industry Guria region were selected as members of the working group. The working group meetings were held on Wednesday of each week.

The partnership was selected from a wide range of representatives. The majority of the partnership consisted of agricultural representatives. It included representatives from the tea processing industry, cattle breeding, beekeeping, and livestock. The partnership included representatives of several construction companies. Representatives of the owner of the construction complex "Qartuli Kalata" actively participated in the work of the partnership. The partnership included representatives of several NGOs and local press. In total, the group of partners consisted of 23 people.

The partnership was comprised with a wide range of representatives. The composition of the working group was agreed with partners. In total, four meetings were held with partners. At the first meeting the essence and significance of the economic development plan were introduced and agreed with the working group. The second meeting was devoted to the issues of local economic analysis. At the next meeting the strengths and weaknesses of the municipality were discussed and the working group presented elaborated vision and objectives to the partners. At the last meeting with the partners the action plan was discussed.

The working group preferred individual meetings with the representatives of the private sector, as business representatives were more sincere and open then. Their remarks and ideas were important to properly elaborate the plan.

5. Local Economic Analysis

6.1. Analysis of Local Economic Structure

Local economy of Lanchkhuti municipality is mainly represented by agriculture, tourism, processing industry, service provision and trade. With regard to turnover and income, tourism and agriculture sectors are considered as the most promising and developing fields.

According to the data of the National Bureau of Statistics of Georgia, as of 2018 there are 676 enterprises registered on the territory of the municipality. Based on the size 17 are classified as medium, 3 small and the rest – micro enterprises. According to the data of 2018, trade sector is a leading one with 48% of registered companies, followed by transport and communications with 13%, industry with 11%, agriculture with 4% and construction with 3% of enterprises. Detailed information about the companies in private sector can be found in Table 1 of Annex B.

Compared to 2014, the number of registered enterprises according to the fields increased by 36% in the municipality. The results of monitoring made by the working group indicated that the share of active enterprises among the registered enterprises is about 22%, which indicates that there is unfavorable environment for business development in the municipality.

Conducted surveys and analysis revealed that the key component of economic value chain of the municipality has not been identified. For decades, the main driving force of economy has been agriculture, in particular, tea production and processing, crop production, citrus growing, cattle-breeding, fruit growing and the fruit and dairy processing industry. At present, agriculture is represented by 30 small enterprises (employing 261 persons) and 45 medium-size farms. Most of them are not registered as the enterprises. Until January 2023, primary producers of agricultural products are exempt from income tax, they are also released from an obligation to register their businesses. At this stage, the downturn in the sector development is primarily caused by closing the main export market. The analysis showed that this was related to the economic and political changes, in the result of which the former Soviet Union markets were closed, and finding a new market is linked to the quality and advertising of the product, which requires a large amount of investment.

In recent years hazel nut production has a leading position in economic value chain of the municipality. Revenue from its sales comprises 80% of main income of the population and exceeds the total income from other branches in this sector. During the last three years pests (especially, Asian Bug) and fungal diseases spread throughout the municipality have significantly reduced crop yields, deteriorated the quality and damaged nut trees. The state invested heavily in the fight against pests; local authorities are involved in these activities. A sharp improvement of the situation is expected in the near future.

Tea production was considered a leading agricultural sector in Lanchkhuti municipality in the Soviet period. This was due to the climate conditions and location of the municipality. By the influence of well-known political processes, tea production and tea processing plants have been completely halted in recent years and existing tea plantations have been destroyed. These processes had greatly affected the sustainability of the municipality's economy. Unemployment level has grown by 60%, workforce migration also increased.

Currently, there is operating a tea processing plant in the municipality. It should be noted that operational load of the enterprise is 2%. This is due to the lack of export market and raw materials. The export market is influenced by the fact that the market is actually saturated with low-quality products. With the support of local government, measures are taken to gain access to the export market. Since 2018 tourists have become interested in tea processing enterprise, its production and the so-called "Tea Road".

Negotiations are underway to restore fisheries in ponds located in the municipality. In terms of agriculture, the municipality has the best conditions for the development of berry crops, which is already being advertised by the municipality and concrete results are achieved.

The analysis made by the working group has shown that it is appropriate to consider tourism development as a key area of economic growth of the municipality. Lanchkhuti municipality is rich in resort resources; in particular, the sandy beach at Grigoleti seaside contains magnetic particles; the resort has a pulmonological, neurological, preventive and medical profile. It should be noted that the tourism sector is one of the growing sectors according to the data of the last three years. In 2016 the number of visitors was 4100, with an increase by 25% in 2018.

At present 16 medium-size hotels with 550 beds and 7 family hotels with 140 beds operate in the municipality. Protected Areas of Kolkheti National Park are key factors for tourism development. The working group created by the initiative of the Mayor works on promotion of Kolkheti National Park and planning of activities for appropriate infrastructure arrangements, which is outlined in the Action Plan. Although the municipality has a great potential for tourism development in terms of attracting domestic and international tourists, due to lack of marketing tools and poorly developed tourist infrastructure, as well as low awareness of the municipality, Lanchkhuti municipality is not considered as an active tourist zone. The tourism potential of the municipality should be better utilized by the business sector, wherefore the public sector should implement relevant projects and activities.

6.2. Local cooperation and networking

Lanchkhuti municipality actively promotes the activities of businessmen and entrepreneurs. Specifically, the N(N)LE “Center for Agriculture Development, Entrepreneurship Promotion, Investments and Tourism” was established and operates in the municipality. The Center organizes meetings of entrepreneurs and businessmen, which in turn promotes mutual cooperation and exchange of views. At such meetings legislation on entrepreneurship and amendments made to the legislation are introduced.

Throughout the country various state programs have been successfully implemented, such as Produce in Georgia, Plant the Future, Young Entrepreneurs and others. With the support of the municipal agencies and the N(N)LE, the beneficiaries are provided with necessary information and assisted in preparation of business plans. We have the winners of these programmes.

N(N)LE “Center for Agriculture Development, Entrepreneurship Promotion, Investments and Tourism” makes presentations of grant competitions and organizes meetings for agricultural cooperatives and farmers within the European Neighbourhood Programme for Agriculture and Rural Development (ENPARD Georgia) funded by the European Union. We have the programme winners.

Networking between the private sector representatives is actually very weak. This means that the private sector contribution in the municipality’s economic development, the local budget formation and establishment of strong self-governance is insufficient. In this regard, by the initiative of the municipality City Hall an Entrepreneurs Union is to be established, which will operate based on the public, private and civil sector partnership.

The Mayor and municipal agencies are actively involved in the coordination of implementing municipal programs planned by the central government. With the support of the N(N)LE “Center for Agriculture Development, Entrepreneurship Promotion, Investments and Tourism” 51 agricultural cooperatives have been established on the territory of the municipality. The cooperatives mainly operate in the field on tea production, beekeeping and hazel nut growing, there is also a dairy products cooperative. In some cases honey, nuts and tea produced in Lanchkhuti are exported. The Center actively participates in introducing international and local funding programs to entrepreneurs and provides qualified assistance to the program applicants. It is also worth noting that, by the initiative of the N(N)LE, Lanchkhuti municipality has twin cities. Cooperation with them contributes to the economic, agricultural, cultural, tourism development and sales and export of products

produced by local entrepreneurs. For detailed information on local cooperation, see Table N2 in Annex B.

6.3. Business-friendly, transparent and corruption free administration

The priority of the municipality City Hall is to promote transparency, accountability and openness of local government activities, thus reducing the level of corruption in public administration. It should be noted that the municipality has no experience to proactively provide information and services to business companies. Information is issued on demand, giving the impression that approaches towards business companies is subjective in some cases. Especially, start-up entrepreneurs find it difficult to search information on existing laws and regulations. Branch office of the Ministry of Agriculture regularly organizes meetings with local farmers; they also provide individual consultations to farmers. Meetings and consultations with entrepreneurs are also held by the N(N)LE “Center for Agriculture Development, Entrepreneurship Promotion, Investments and Tourism”, but this is not enough. There is a need for an institutional business advisory mechanism to assist start-ups and existing businesses in preparing business plans and obtaining funding.

Despite attempts of the municipality City Council, the level of involvement of the population and the private and civil sectors in the City Council sessions is still low. The City Hall has its web-site: <http://www.lanchkhuti.gov.ge/> and its subordinate news service that mainly covers activities carried out by the involvement of local authorities. Information on tenders announced by the municipality administration is available on website of the State Procurement Agency: <https://tenders.procurement.gov.ge/> and every interested person can submit tender proposal. The activity of the tender commission is transparent and all decisions are uploaded on the website of the Agency. The Disputes Resolution Board of the Agency reviews all complaints filed to the Agency.

The right to use the municipal property or to privatize it is assigned through electronic auctions. The property to be privatized or transferred with the right to use is posted on the official website of the Service Agency of the Ministry of Finance. Anyone can participate in the electronic auction. Challenges for growing sectors of the municipality see in Annex B, Table N3.

6.4. Access to Finance

Financial resources are available mainly in the licensed commercial banks, microfinance and donor organizations operating in Georgia, as well as through various government programs that provide financial support. N(N)LE “Center for Economic Development and Innovations” and the regional office of the Ministry of Environmental Protection and Agriculture of Georgia inform the population about projects implemented with the support of the Ministry.

However, the procedures to refer to the state programs are quite bureaucratic, often delayed in time and the private sector prefers to do business with its own limited resources. Three banks and three microfinance organizations operate in the municipality, issuing loans up to 5,000 GEL to small businesses and agro-sector, without any collateral, although the interest rate is quite high. Bank requirements for larger loans increase and business companies face additional difficulties in providing collateral required for loans. The situation is further complicated by the fact that the issue of large loans is discussed in the regional and head offices of the banks, which is an additional barrier for the business sector. Information on business development and innovations see in Table N4.

6.5. Land and Infrastructure

As of 2018, the municipality has 22268 ha of agricultural land, out of which 13500 ha is privately owned. The municipality has no agricultural land in its ownership. The rest of the area is state-owned. Agricultural land is distributed as followed: arable land - 11858 ha, perennial plantations - 4572 ha and pastures - 3614 ha.

The working group conducted needs analysis of the private sector. The analysis was made based on both filed applications and individual surveys. The analysis showed that the demand for real estate is quite high, which cannot be satisfied for several reasons. A bigger part of the property is

unregistered, which should be considered as a weakness of the municipality. Measures should be taken to register unregistered municipal property in accordance with the current legislation. Most of the registered property is not alienated, but due to actual situation this property is neither used for municipal purposes. To change the category and register the said property under additional property category relevant documentation needs to be prepared.

During 2018, 14 units of immovable property were alienated in the municipality through electronic auction. 8 facilities were leased, and the annual income gained from it was 38733 GEL. The analysis made by the working group showed that the municipality has a great potential in the form of real estate, the main part of which is unused.

Both the state-owned and municipal unused property (land, buildings) is located adjacent to motorways, as well as marine and air routes, which is of great interest of the private sector representatives. After discussing the mentioned issue in details, the investors' demand on creating a Free Economic Zone was identified. The issue has been raised before the Government of Georgia to declare a free zone on particular plots of land in the municipality. Required documentation is being prepared. Information on the land and infrastructure needs is provided in Annex B, Table N5.

6.6. Regulatory and Institutional Framework

According to the current legislation of Georgia, the competences of the municipality to determine the regulatory and institutional framework for promoting economic development and improving business environment are quite limited; these issues falls under the competence of the central authority.

The business registration procedures in Georgia are relatively simple compared to other countries. Any interested person can register his business in one day. Registration is made by the House of Justice.

In Lanchkhuti municipality there are following types of local taxes/duties: for construction permit (except for construction of radiation or nuclear facility), cleaning of residential areas, gambling, and expedited service of issuance of the act (amending the act) on confirmation (exploitation) of conditions under construction permits (except for construction of radiation or nuclear facility). The aforementioned taxes/duties are defined by legal acts issued by the City Council in a way that does not restrict the development of business entities.

Business representatives state that despite some progress there are still a number of unjustified regulations and other administrative barriers. Difficulties in getting construction permits are worth mentioning. An interested person is not authorized to build a plant for agricultural product processing on the non-agricultural land under his use. To obtain a permit for the construction of enterprise, a person should own a land. The municipality is not entitled to privatize property in its ownership in the form of a direct disposition of property (at a symbolic price).

The process of registering ownership of land and property takes place with some obstacles, which is also an impediment to business development. There are a large number of plots of land in the municipality, which are not subject to alienation due to their categories, under the applicable law. There is neither state, nor public interest in these lands due to the real situation. It is necessary to change the category of land, but the issue is not regulated by the current legislation. It is also difficult to legalize ownership of plots not adjacent to the land in ownership.

The City Council takes decisions on local regulations, including privatization proceedings, holding actions and other important economic procedures. Representatives of the City Council are elected by the population. Consequently, the process of adopting these regulations is relatively transparent. Information on strengths and weaknesses of regulatory framework, as well as their impact is provided in Annex B, Table N6.

6.7. Skills and Human Capital, Inclusivity

There are no vocational or higher education institutions in the municipality. This fact has a very negative impact on the development of the municipality. After graduating the secondary schools,

local youth continue their studies in other municipalities, most of which do not return back. Most of young people remain without any education and this fact proves once again the necessity for vocational education of adults.

There were two vocational institutions and one vocational college in Lanchkhuti municipality, which educated students both in the fields of industry and agriculture. Unfortunately, the buildings and material and technical facilities are destroyed. It is noteworthy that the municipality owns a building, where a vocational education institution can be established considering its location and area.

For the purpose of developing human resources, firstly the local market research should be conducted. Research should identify the existing resources and professions in demand.

The municipality City Hall is planning to train the specialists of relevant N(N)LE to conduct the survey. The expenses required for the survey will be considered in the local budget.

6.8. External Positioning and Marketing

Important steps have been made in recent years in terms of external positioning and marketing. Lanchkhuti municipality has a potential to become an attractive place for tourism and investment compared to other municipalities in the region. Proximity to the Black Sea, Kolkheti National Park and central highway is important for business development. During the last five years, the municipality has invested significantly to improve infrastructure. Road infrastructure was arranged, modern kindergartens were constructed, the villages of the municipality were provided with technical water supply.

Favorable location of the municipality, unused real estate (municipal land and buildings) and liberal tax policy make the municipality attractive to investors.

Various festivals and cultural events held in Lanchkhuti promote the municipality's positioning internationally and on the regional level. It should be particularly noted a festival "Lelo", which has been recognized as a monument of intangible cultural heritage and which is traditionally held in the village Shukhuti, on Easter day each year. Many local and foreign tourists arrive at the event. Certain activities are outlined in the Action Plan for further improvement of organizing the event.

6. SWOT analysis

| Strengths | Weaknesses |
|---|---|
| <ol style="list-style-type: none"> 1. Diversity of traditional agriculture sectors. 2. Multiplicity and abundance of tourist facilities. 3. Grigoleti seaside resort. 4. Protected Areas of Kolkheti National Park. 5. Material and intangible (e.g. Lelo) cultural heritage monuments. 6. Arranged road infrastructure. 7. Abundance of municipality owned real estate and their favorable locations (land, buildings). 8. Active involvement of municipal agencies in the implementation of municipal programs planned by the central government. | <ol style="list-style-type: none"> 1. Underdeveloped agriculture sector: old techniques and technologies, low qualification; 2. Insufficient awareness of the municipality. 3. Low level of tourism service. 4. Irregular training system of labor resources. 5. Migration of local labor force. 7. Outdated agricultural equipment and low quality services. 8. Low level of financial access. 9. Barriers of privatization of municipal property. 10. Lack of communication network between the representatives of the private sector. 11. Insufficient activity of the local population. |
| Opportunities | Threats |
| <ol style="list-style-type: none"> 1. Favorable environment for tourism development in the country. 2. Increased interest from investors in tourism infrastructure. 3. State programs in the field of agriculture | <ol style="list-style-type: none"> 1. Natural disasters caused by climate changes (strong wind and rain). 2. Pests spread in agriculture (Asian Bug) and diseases of plants and animals. 3. Landslide processes in mountainous villages. |

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| development. 4. Liberal tax policy. 5. Interest of actors outside the municipality to create a free economic zone and readiness for implementation of capital investments. 6. Development of infrastructure near the highway of international importance which passes through the municipality. | 4. High trend of migration from the country. |
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The SWOT analysis showed that from the popular and diverse agricultural sectors in the past, only its popular name has been maintained at present. However, this field has development prospects. In this regard, it is necessary to train personnel, upgrade outdated agricultural techniques and services and plan various activities for popularization of agricultural products.

The diversity and abundance of tourist facilities, the Black Sea resort of Grigoleti, the Protected Areas of Kolkheti National Park provide a good precondition for tourism development in the municipality, which is main requirement for the economic growth of the municipality. Therefore, the main actions of the Action Plan are directed towards tourism development. The development of the municipality is hampered by low level of awareness; accordingly, the partners have decided to promote different types of tourism in the municipality that will facilitate the increase of awareness. Favorable geographical location of the municipality provides a good opportunity to attract investments. In the opinion of the municipality leadership, it is important to create a Free Economic Zone that will play an important role in the economic growth of the municipality.

7. Vision and Objectives

Vision

Lanchkhuti municipality with a free economic zone and developed tourism infrastructure is an attractive place for local and foreign investors, which has significantly increased the overall standard of living.

Objectives:

1. Improve tourist attraction.
2. Attract investments and promote business activities.
3. Promote agricultural production and popularize local products.

8. Action Plan

The Local Economic Development Action Plan has been developed based on analysis of the situation in the municipality, with active involvement of partners and all stakeholders. The Action Plan will be implemented with their active support and participation within a specific timeframe. The Action Plan is focused on promoting agriculture business, tourism, small and medium business development. Lanchkhuti municipality City Hall and its relevant structural units are accountable and responsible for the implementation of individual actions outlined in the Action Plan and the overall plan.

| Building blocks | Key objectives | Actions/projects ideas | Duration (start/finish) | Partners involved | Estimated costs, national currency (equivalent in EUR) | Output (product) indicators and targets | Outcome (Result) indicators and targets |
|---|----------------------------|--|--------------------------|---|--|--|---|
| 3. Land and infrastructure 5. External positioning and marketing 2. Skills and human capital development; | Improve tourist attraction | 1.1. Arrange Kolkheti National Park access road from Lanchkhuti municipality. | 01.01.2020 01.12.2020 | Lanchkhuti municipality, Ministry of Regional Development and Infrastructure | 700 000 GEL 23333 EUR | 1. 800 meters long road is arranged. 2. Recreational and parking areas are arranged. 3. Public toilet is opened. Outcome (result): 1. Length of arranged road | Output (product) 1. Improved quality of tourist services Outcome (result) 1. Tourists' flows in dynamics |
| | | 1.2. Organize tourists service bureau at the exit point from Lanchkhuti to the central highway | 01.02.2021 03.05.2021 | Lanchkhuti municipality | 35000 GEL 11667 EUR | At the exit point of Lanchkhuti city to the main highway a small tourist service bureau is arranged. Outcome (result): Number of arranged bureaus. Quantity of advertising materials in bureau. | Output (product) 1. Increased number of local and foreign visitors. 2. Improved tourist services Outcome (result) 1. Tourists' flows in dynamics |
| | | 1.3. Provide water supply for the tourist complex owned by LLC Georgian Basket | 01.03.2020 01.08.2020 | Lanchkhuti municipality, Ministry of Regional Development and Infrastructure, LLC Georgian Basket | 70000 GEL 23333 EUR | The territory of LLC Georgian Basket is fully equipped with water supply system Outcome (result): Length of arranged water supply system. | Output (product) 1. Increased number of local and foreign visitors. 2. Improved quality of tourist services Outcome (result): Number of tourist facility users. |
| | | 1.4. Stimulate investments to arrange rest areas near the central highway of Georgia | 01.01.2020 15.12.2020 | Lanchkhuti municipality | 2000 GEL 667 EUR | Projects and proposals are prepared for stakeholders interested in arranging rest areas. Outcome (result): Number of prepared proposals and projects | Output (product) 1. Increased number of local and foreign visitors. 2. Improved quality of tourist services Outcome (result): 1. Rest areas are arranged. 2. Number of tourist facility users. |
| | | 1.5. Rehabilitation of central square in Lanchkhuti city | 01.01.2020 01.12.2020 | Lanchkhuti municipality, Ministry of Regional Development and Infrastructure. | 700000 GEL 233333 EUR | Central square of Lanchkhuti city is well-organized. Outcome (result): Area of well-organized square, number of arranged seats, number of installed light shields. | Output (product): 1. Improved quality of tourist services Outcome (result): 1. Tourists' flows in dynamics |
| | | 1.6. Organize festivals | 01.09.2019 | Lanchkhuti | 5000 GEL | Festivals are conducted with the participation of | Output (product): |

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| | | jointly with the representatives of twin cities (Kakhovka, Kupiskis) | 01.11.2019 | municipality | 1667 EUR | choreographic companies of twin cities. Outcome (result): 1. Number of conducted festivals. | Increased number of local and foreign visitors 2. Increased awareness of the municipality Outcome (result): 1. Number of tourists/visitors in the municipality. 2. Tourists' flows in dynamics |
| | | 1.17 An update of tourism department website "Lanchkhuti tours" and an installation of information boards in Lanchkhuti. | 01.09.2019 01.09.2021 | Lanchkhuti municipality | 1500 GEL 5000 EURO | Tourism department website "Lanchkhuti tours" is periodically updated and 3 informational boards are installed in the central area of city Lanchkhuti. Indicator 1. The amount of uploaded information on website "Lanchkhuti tours". 2. The amount and area of installed information boards | Output (product): 1. Raised awareness of the Municipality. Outcome (result): 1. The number of -in and -out visitors and tourists. |
| | | 18. Participate in local and international exhibitions, fairs and festivals. | 01.01.2020 01.09.2021 | Lanchkhuti municipality | 15000 GEL 5000 EUR | Events are selection for participation, necessary material to raise awareness of the municipality is prepared. Outcome (result): 1. Number of local and international exhibitions and fairs | Output (product): 1. Increased number of local and foreign visitors. 2. Increased awareness of the municipality. Outcome (result): 1. Increased number of local and foreign visitors and tourists. |
| | | 1.9. Conduct trainings and study meetings to improve the quality of service in the tourism sector | 01.05.2020 01.09.2021 | Lanchkhuti municipality | 3000 GEL 1000 EUR | By the initiative of the municipality City Hall 5 interested persons are trained in the training center with an aim to improve services in the tourism sector Outcome (result): Number of trained specialists | Output (product): 1. Improved quality of service, increased tourists' satisfaction level. Outcome (result): 1. Number of tourists/visitors in the municipality. 2. Tourists' flow in dynamics |
| | | 1.10. Organize event for the promotion of intangible cultural monument "Lelo". | 01.01.2020 01.09.2021 | Lanchkhuti municipality | 20000 GEL 6667 EUR | For the promotion of cultural monument "Lelo" a permanent working group is set up that will plan relevant activities and prepare necessary arrangements. Information is disseminated through travel agencies and the internet. Each year on Easter day a public holiday is held. Outcome (result): Number of conducted events for the purpose of popularization on intangible cultural monument "Lelo". | Output (product) 1. Increased awareness of the municipality. 2. Improved quality of tourist services. Outcome (result): 1. Number of visitors of festival "Lelo". |
| 3. Land and infrastructure; 4. Access to finance | Attract investments and promote business activities | 2.1. Provide information on financing opportunities to start-ups and operating entrepreneurs in one space | 01.09.2019 01.09.2021 | Lanchkhuti municipality | 20000 GEL 6667 EUR | In the N(N)LE "Center for Economic Development and Innovations" information is provided on a continuous basis to start-ups and operating entrepreneurs on fundraising. Outcome (result): Number of funded entrepreneurs in dynamics | Output (product): Increased availability of information about funds for all interested persons Outcome (result): 1. Revenues of entrepreneurs in dynamics, 2. Number of jobs in dynamics |

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|---|---|---|---------------------------|--|-----------------------|---|---|
| | | 2.2. Create an investment website and collect analytical information | 01.02.2020 01.09.2021 | Lanchkhuti municipality | 3000 GEL 1000 EUR | Information website is created. Increased investment opportunities. Outcome (result): Website is created; guidelines are developed. | Output (product): Increased volume of new investment projects and reinvestment Outcome (result): Growth of production in the private sector in dynamics. |
| | | 2.3. Support start-up businessmen with financing soil (multicomponent) laboratory surveys | 01.02.2021 01.09, 2021 | Lanchkhuti municipality | 3000 GEL 1000 EUR | Laboratory analysis for start-up businessmen is funded. Outcome (result) Number of funded analysis | Output (product): Increased volume of new investment projects and reinvestment Outcome (result) Growth of production of start-up businessmen in dynamics. |
| | | 2.4. Prepare documents for establishment of a Free Economic Zone | 01.04.2021 01.09.2021 | Lanchkhuti municipality, Ministry of Economics and Sustainable Development, Government of Georgia, private businessmen | 5000 GEL 1667 EUR | Establishment of a Free Economic Zone Outcome (result): Area of the established free economic zone | Output (product): Increased volume of new investment projects Outcome (result): Growth of the produced and sold products in dynamics. |
| | | 2.5 Facilitation of the registraion of properties in the municipality | 01.01.2020 01.09.2021 | Lanchkhuti municipality | 5000 GEL 1667 EUR | Municipality property of 1000 sq. meters building and 10000 sq. meters land is registered Indicator: The area of registered property. | Output (product): Increased volume of investment projects Outcome (result): The growth in dynamics of manufactured and realized products. |
| 2. Skills and human capital development | Promote agricultural production and popularize local products | 3.1. Raise awareness of agriculture sector representatives, promote agriculture sector through conducting trainings for field specialists | 01.06.2020 01.12.2020 | Lanchkhuti municipality, Ministry of Environmental Protection and Agriculture of Georgia, LEPL Chamber of Trade and Industry of Georgia, N(N)LE "Centre for Economic Development and Innovations " | 10000 GEL 3333 EUR | Field specialists are sent for training; trainings are conducted; agro-tours are organized with the participation of agriculture sector representatives Outcome (result) Number of trained agriculture sector representatives. | Output (product): Increased production of local ecologically clean agro products. Outcome (result): Quantity of the produced and sold agricultural products in dynamics. |
| | | 3.2. Promote state programs to fight against pests. | 01.03.2019 01.09.2021 | Lanchkhuti municipality City Hall, National Food Agency, N(N)LE "Centre for Economic | 10000 GEL 3333 EUR | Agricultural plots of land, as well as privately owned plots in Lanchkhuti municipality are sprayed with pesticides. Outcome (result) Pests population | Output (product) Quantity of different types of pests is significantly reduced, and accordingly, the quality and quantity of crops is increased. |

| | | | | | | | |
|--|--|---|--------------------------|--|----------------------|---|--|
| | | | | Development and Innovations “ | | | Outcome (result) Quantity of produced agricultural products in dynamics. |
| | | 3.3. Participate in local and international exhibitions/fairs | 01.02.2020 01.09.2021 | Lanchkhuti municipality City Hall, N(N)LE “Center for Agriculture Development, Entrepreneurship Promotion, Investments and Tourism”, local farmers and domestic farms. | 3000 GEL 1000 EUR | With the support of the municipality City Hall and local N(N)LE the local farmers and family households participated in various international and local exhibitions/fairs. Outcome (result) Number of local and international exhibitions participated in. | Output (product) Production and sale of local ecologically clean agricultural products is increased. Outcome (result) Quantity of the sold agricultural products in dynamics. |

9. Financing Scheme

Estimated cost of activities provided in the Financing Scheme of the municipality Local Economic Development Action Plan covers both capital and other expenses. They are determined based on existing experience and by the example of similar activities. The allocation of funds in the Action Plan is relevant to the weight of relative priorities.

| Actions | Estimated costs | Source of financing | | | | Funding gaps | Remarks |
|---|--------------------------|------------------------|--------------------------|-----------------------|--------|-------------------------|---------|
| | | Local budget | Upper level budget | Business | Donors | | |
| 1.1. Arrange Kolkheti National Park access road from Lanchkhuti municipality | 700 000 GEL 23333 EUR | 22500 GEL 7500 EUR | 427500GEL 142500 EUR | | | 250000 GEL 83333 EUR | |
| 1.2. Organize tourists service bureau at the exit point from Lanchkhuti to the central highway | 35000 GEL 11667 EUR | 35000 GEL 11667 EUR | 0 | 0 | 0 | | |
| 1.3. Provide water supply for the tourist complex owned by LLC Georgian Basket | 70000 GEL 23333 EUR | 2500 GEL 833 EUR | 47500 GEL 15833 EUR | 20000 GEL 6667 EUR | 0 | | |
| 1.4. Stimulate investments to arrange rest areas near the central highway of Georgia. Prepare proposals and projects for investors (stakeholders) | 2000 GEL 667 EUR | 2000 GEL 667 EUR | 0 | 0 | 0 | | |
| 1.5. Rehabilitation of central square in Lanchkhuti city | 700000 GEL 233333 EUR | 35000 GEL 11667 EUR | 665000 GEL 221677 EUR | 0 | 0 | | |
| 1.6. Organize festivals jointly with the representatives of twin cities (Kakhovka, Kupiskis) | 5000 GEL 1667 EUR | 5000 GEL 1667 EUR | 0 | 0 | 0 | | |
| | | | | | | | |

| Actions | Estimated costs | Source of financing | | | | Funding gaps | Remarks |
|---|---------------------------|------------------------|---------------------------|-----------------------|--------|-------------------------|---------|
| | | Local budget | Upper level budget | Business | Donors | | |
| 1.7 An update of tourism department website “Lanckhuti touris” and an installation of information boards in Lanckhuti | 15000 GEL 5000 EUR | 15000 GEL 5000 EUR | 0 | 0 | 0 | | |
| 1.8. Participate in local and international exhibitions, fairs and festivals | 15000 GEL 5000 EUR | 15000 GEL 5000 EUR | 0 | 0 | 0 | | |
| 1.9. Conduct trainings and study meetings to improve the quality of service in the tourism sector | 3000 GEL 1000 EUR | 3000 GEL 1000 EUR | 0 | 0 | 0 | | |
| 1.10. Organize event for the promotion of intangible cultural monument “Lelo” | 20000 GEL 6667 EUR | 20000 GEL 6667 EUR | 0 | 0 | 0 | | |
| 2.1. Provide information on financing opportunities to start-ups and operating entrepreneurs in one space | 20000 GEL 6667 EUR | 20000 GEL 6667 EUR | 0 | 0 | 0 | | |
| 2.2. Create an investment website and collect analytical information | 3000 GEL 1000 EUR | 3000 GEL 1000 EUR | 0 | 0 | 0 | | |
| 2.3. Support start-up businessmen with financing soil (multicomponent) laboratory surveys | 3000 GEL 1000 EUR | 3000 GEL 1000 EUR | 0 | 0 | 0 | | |
| 2.4. Prepare documents for establishment of a Free Economic Zone | 5000 GEL 1667 EUR | 0 | 0 | 5000 GEL 1667 EUR | 0 | | |
| 2.5 Facilitation of the registraion of properties in the municipality | 5000 GEL 1667 EUR | 5000 GEL 1667 EUR | | | | | |
| 3.1. Raise awareness of agriculture sector representatives, promote agriculture sector through conducting trainings for field specialists | 10000 GEL 3333 EUR | 5000 GEL 1667 EUR | 5000 GEL 1667 EUR | 0 | 0 | | |
| 3.2. Promote state programs to fight against pests | 10000 GEL 3333 EUR | 10000 GEL 3333 EUR | 0 | 0 | 0 | | |
| 3.3. Participate in local and international exhibitions/fairs | 3000 GEL 1000 EUR | 3000 GEL 1000 EUR | 0 | 0 | 0 | | |
| Total sum | 1624000 GEL 541333 EUR | 209000GEL 69666 EUR | 1140000 GEL 380000 EUR | 25000 GEL 8333 EUR | | 250000 GEL 83333 EUR | |

10. Monitoring indicators and mechanisms

The implementation of the Local Economic Development Action Plan of the municipality will be coordinated and monitored by the Monitoring Group, established by the partners. In the group the gender balance will be ensured. They will meet once in 2-3 months to summarize the conducted works and discuss effective approaches of implementing future activities.

Implementation of activities envisaged in the Local Economic Development Action Plan and their effectiveness will be evaluated by the Working Group, in accordance with the internal monitoring plan.

| <i>Actions / Projects ideas</i> | <i>Duration (start/finish)</i> | <i>Expected results months 1-6</i> | <i>Expected results months 7-12</i> | <i>Expected results months 13-18</i> | <i>Expected results months 19-24</i> |
|---|--------------------------------|---|---|--|--|
| 1.1. Arrange Kolkheti National Park access road from Lanchkhuti municipality. | 01.01.2020 01.12.2020 | Financial and project documentation of works is prepared. Tender is announced for the procurement of works. | Works to arrange access road to Kolkheti National Park and provide necessary infrastructure are done | Tourists move comfortably from Lanchkhuti municipality to Kolkheti National Park. Infrastructure necessary for their services is operational. | Tourists move comfortably from Lanchkhuti municipality to Kolkheti National Park. Infrastructure necessary for their services is operational. |
| 1.2. Organize tourists service bureau at the exit point from Lanchkhuti to the central highway | 01.02.2021 03.05.2021 | | At the exit point of Lanchkhuti city to the main highway a tourist service bureau is arranged | Local and foreign visitors enjoy services provided by the tourist service bureau which is arranged at the exit point from Lanchkhuti to the central highway. Number of tourists in the municipality is increased | Local and foreign visitors enjoy services provided by the tourist service bureau which is arranged at the exit point from Lanchkhuti to the central highway. Number of tourists in the municipality is increased |
| 1.3. Provide water supply for the tourist complex owned by LLC Georgian Basket | 01.03.2020 01.08.2020 | | Financial and project documentation of works is prepared. Tender is announced for the procurement of works. | Water supply system is arranged for the tourist complex owned by LLC Georgian Basket. | |
| 1.4. Stimulate investments to arrange rest areas near the central highway of Georgia. Prepare proposals and projects for investors (stakeholders) | 01.01.2020 15.12.2020 | Projects and proposals for stakeholders (investors) are prepared to arrange resting spots on the territory of Lanchkhuti municipality, near the central highway of Georgia. | Projects and proposals for stakeholders (investors) are prepared to arrange resting spots on the territory of Lanchkhuti municipality, near the central highway of Georgia. | Resting spots are arranged based on the prepared projects and proposals | Resting spots are arranged based on the prepared projects and proposals |
| 1.5. Rehabilitation of central square in Lanchkhuti city | 01.01.2020 01.12.2020 | Financial and project documentation of works is prepared. Tender is announced for the procurement of works. | Central square in Lanchkhuti city is well-organized. | The number of local and foreign visitors in Lanchkhuti city is increased due to a well-organized square. | The number of local and foreign visitors in Lanchkhuti city is increased due to a well-organized square. |
| 1.6. Organize festivals jointly with the representatives of twin cities (Kakhovka, Kupiskis) | 01.09.2019 01.11.2019 | A festival is organized together with the representatives of twin cities (Kakhovka, Kupiskis), which has raised the awareness of the municipality and increased the number of | | | |

| <i>Actions / Projects ideas</i> | <i>Duration (start/ finish)</i> | <i>Expected results months 1-6</i> | <i>Expected results months 7-12</i> | <i>Expected results months 13-18</i> | <i>Expected results months 19-24</i> |
|---|---|--|--|--|--|
| | | tourists in the municipality | | | |
| 1.7 An update of tourism department website “Lanchkhuti touris” and an installation of information boards in Lanchkhuti | 01.01.2020 01.09.2021 | Periodically the “Lanchkhuti touris” website of the tourism department is updated. Information boards are being installed in the center of Lanchkhuti, and provide visitors and tourists with the necessary information about the tourist sites of the municipality. | Periodically the “Lanchkhuti touris” website of the tourism department is updated. Information boards are being installed in the center of Lanchkhuti, and provide visitors and tourists with the necessary information about the tourist sites of the municipality. | Periodically the “Lanchkhuti touris” website of the tourism department is updated | Periodically the “Lanchkhuti touris” website of the tourism department is updated |
| 1.8. Participate in local and international exhibitions, fairs and festivals. | 01.01.2020 01.09.2021 | The municipality participated in 4 local exhibitions. | The municipality participated in 3 local and 1 international exhibitions. | The municipality participated in 5 local and 1 international exhibitions. | The municipality participated in 5 local and 2 international exhibitions. |
| 1.9. Conduct trainings and study meetings to improve the quality of service in the tourism sector | 01.05.2020 01.09.2021 | | 2 specialists are trained to improve the quality of service in the tourism sector | 2 specialists are trained to improve the quality of service in the tourism sector | 3 specialists are trained to improve the quality of service in the tourism sector |
| 1.10. Organize event for the promotion of intangible cultural monument “Lelo”. | 01.01.2020 01.09.2021 | An event is prepared for the purpose of promotion of intangible cultural monument “Lelo” | An event is conducted for the purpose of promotion of intangible cultural monument “Lelo” | An event is prepared for the purpose of promotion of intangible cultural monument “Lelo” | An event is conducted for the purpose of promotion of intangible cultural monument “Lelo” |
| 2.1. Provide information on financing opportunities to start-ups and operating entrepreneurs in one space | 01.09.2019 01.09.2021 | Information is provided on fundraising to start-ups and operating entrepreneurs in the N(N)LE “Center for Economic Development and Innovations”. | Information is provided on fundraising to start-ups and operating entrepreneurs in the N(N)LE “Center for Economic Development and Innovations”. | Information is provided on fundraising to start-ups and operating entrepreneurs in the N(N)LE “Center for Economic Development and Innovations”. | Information is provided on fundraising to start-ups and operating entrepreneurs in the N(N)LE “Center for Economic Development and Innovations”. |
| 2.2. Create an investment website and collect analytical information | 01.02.2020 01.09.2021 | An investment website is created. Investment opportunities are increased. | Information website is created and updated periodically. | Information website is created and updated periodically. | Information website is created and updated periodically. |
| 2.3. Support start-up businessmen with financing soil (multicomponent) laboratory surveys | 01.02.2021 01.09.2021 | | | Laboratory surveys are funded for 10 start-up businessmen. | Laboratory surveys are funded for 15 start-up businessmen. |
| 2.4. Prepare documents for establishment of a Free Economic Zone | 01.04.2021 01.09.2021 | | | | A Free Economic Zone is established. |
| 2.5. Facilitation of the registraion of properties in the municipality | 01.01.2020 01.09.2021 | Municipal property of building with area of 250 sq. meters and land of 2500 sq. meters are registred. | Municipal property of building with area of 250 sq. meters and land of 2500 sq. meters are registred | Municipal property of building with area of 250 sq. meters and land of 2500 sq. meters are registred | Municipal property of building with area of 250 sq. meters and land of 2500 sq. meters are registred |
| 3.1. Raise awareness of agriculture sector representatives, promote agriculture sector through conducting trainings for field specialists | 01.06.2020 01.12.2020 | | 3 specialists in agriculture sector are trained | 3 specialists in agriculture sector are trained | |

| <i>Actions / Projects ideas</i> | <i>Duration (start/ finish)</i> | <i>Expected results months 1-6</i> | <i>Expected results months 7-12</i> | <i>Expected results months 13-18</i> | <i>Expected results months 19-24</i> |
|---|---|--|--|--|--|
| 3.2. Promote state programs to fight against pests. | 01.03.2019 01.09.2021 | Agricultural plots of land in Lanchkhuti municipality are sprayed with pesticides. | Agricultural plots of land in Lanchkhuti municipality are sprayed with pesticides. | Agricultural plots of land in Lanchkhuti municipality are sprayed with pesticides. | Agricultural plots of land in Lanchkhuti municipality are sprayed with pesticides. |
| 3.3. Participate in local and international exhibitions/fairs | 01.02.2020 01.09.2021 | The municipality participated in 4 local exhibitions. | The municipality participated in 3 local and 1 international exhibitions. | The municipality participated in 5 local and 1 international exhibitions. | The municipality participated in 5 local and 2 international exhibitions. |

