



Plan of Local Economic Development

Dedoplistskaro Municipality Georgia



2019 year

Preface from Mayor

Economic development of Dedoplistskaro Municipality is considered as one of the major challenges for me.

Geographical location of the Municipality, abundance of natural resources, tourist, historical and cultural objects, terrain and its structure, agricultural directions, developed in a traditional way (Dedoplistskaro Municipality was considered as bread barn of Georgia), diversifying entrepreneurship, investment potential, road infrastructure and existing municipal services provide the basis for economic empowerment. Given the limited financial resources, active dialogue of public and private sector, the right choice of cooperation priorities and joint planning and implementation of events is of the utmost importance.

Dedoplistskaro Municipality, with its signature has expressed a desire for the EU Initiative “Mayors for Economic Growth”, to work together in order to share the experience of our partner countries, as well as actively collaborate with the private and public sectors, plan future actions due to economic growth and job creation.

The local economic development plan developed within the framework of the initiative, based on local resources and capabilities, will bring effective and positive results to the economic growth of the Municipality.

The numerous activities foreseen in the bounds of the 2019-2020 action plan, will be financed from the Dedoplistskaro Municipality budget. Besides, certain activities are to be co-financed by the state budget, with the involvement of the civil and private sectors, as well as part of actions have been planned in hopes of finding donors.

I express my readiness to be personally involved in the implementation of the 2019-2021 local economic development action plan. In addition, I also address to those involved in local economic activity, to maximize your engagement in order to work together to achieve a common goal of economic empowerment, create additional jobs and improve the well-being of the population.

Sincerely,

Mayor of Dedoplistskaro Municipality



Nikoloz Janiashvili

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1. Executive Summary

The below given Local Economic Development Plan (LEDP) has been prepared within the bounds of the EU initiative "Mayors of economic growth" (M4EG) by the local economic development partners, with equal participation of local government, business sector and non-governmental organizations; the most important economic activities have been found on the basis of the best European practices and approaches, which will consequently contribute to local economic development and employment opportunities.

The factors, such as: diversified agriculture, orderly road infrastructure, abundance of natural resources, availability of protected areas, growing interest of tourists etc. will definitely contribute to fulfillment of the goal. The purpose of the plan is to identify goals for achieving long-term well-being and plan specific actions accordingly. It focuses only on economic trends.

Overcoming challenges, such as poor business development infrastructure, labor migration, inadequate technology and awareness in the business sector are important issues for economic growth.

Collaborating with the working group and partners, the vision is to make Dedoplistskaro municipality an attractive place to invest in, with a rapidly growing employment-focused, sustainable local economy. In order to achieve this vision, the following goals have been set:

1. Improvement of tourist infrastructure and services;
2. Improving the services of local businesses and investors;
3. Promotion of agricultural development.

To achieve these goals, certain measures have been taken, due to which: municipal awareness will be increased, investors' interest will be deepened and a number of attracted investments will be raised, tourism environment will be promoted, access to financial resources and support to agricultural development will be improved.

A total of GEL 8 757 950 (EUR 2 766 435) is envisaged for implementation of the measures, envisaged in the plan, 62.5% - out of which will be financed by municipal and state budgets, 20% - by the private sector, 17% - by donor organizations and 0.5% - by funding. Each project is specific, timed, measurable and achievable.

2. Table of Content

Preface from Mayor	1
1. Executive Summary	2
2. Table of Content	3
3. Annexes and Abbreviations	3
4. Introduction to the Plan.....	4
5. The process of elaborating the Local Economic Development Plan.....	4
6. Local Economic Analysis.....	5
6.1. Analysis of the local economic structure	5
6.2. Local collaboration and networking	7
6.3. Business-friendly, transparent and corruption-free administration	7
6.4. Access to finance.....	8
6.5. Land and infrastructure	9
6.6. Regulatory and Institutional Framework	9
6.7. Skills and Human Capital, Inclusivity.....	9
6.8. External Positioning and Marketing.....	10
7. Strengths and Weaknesses, Opportunities and Threats (SWOT) analysis	11
8. Vision and Goals	12
9. Action Plan.....	13
10. Financing Scheme	15
11. Monitoring Indicators and Mechanisms	16

3. Annexes and Abbreviations

Annex - A: Process of elaborating local economic development plan;
Annex - B: Information and data for economic analysis of the Municipality;;
Annex - C: Diagram - Economic structure;
Annex - D: Diagram - Specialized;
Annex - E Diagram - Classification of enterprises according to economic activity and size;
Annex - F: Diagram- Growing sectors (subsectors) and their challenges;
Annex - G: Diagram - Opportunities for obtaining the finances;
Annex - H: Diagram - Needs of private sector in the sphere of land and infrastructure;

Abbreviations:

M4EG – Mayors for economic growth”;
LEDP – Local economic development plan;
LAG – Local development group;
SWOT – Strengths and Weaknesses, Opportunities and Threats (SWOT);
ENPARD - International organization;
HEKS-EPER – International organization;
REC CAUCASUS- Caucasus Environmental Centre;
DMO- Non-profit organization - Kakheti Destination Management Organization;

4. Introduction to the Plan

Signed by the Mayor of Dedoplistskaro Municipality, in March 2018 the Municipality joined the EU initiative "Mayors for Economic Growth" and expressed readiness to work closely with business and civil society, to form partnerships, to promote sustainable and inclusive local economic development and creation of working places. In order to achieve these goals and carry out planned activities, the Municipality has developed a local economic development document, according to which all necessary actions will be taken: solving specific economic challenges and maximally use the resources available at the municipality for economic development of the municipality and increasing the standard of living of the population.

Dedoplistskaro Municipality is located in the extreme South-East of Georgia, 500-800m above sea level. Geographically it belongs to Kakheti region, is characterized by dry climate, long and dry summers and relatively cold winters. The total area of the municipality is 2,532 sq. Km, which is 22% of the Kakheti region and it is the third largest municipality in the country (and the first largest in the Kakheti region). However, it is the least populated municipality in the Kakheti region, with a population density of 8.4 people per km. The administrative center of the municipality is Dedoplistskaro, which is 130 km far from the capital (a 2-hour drive), 90 km from Telavi (a 1 hour and 30 minute drive). 21,221 people live in 1 city and 13 administrative units of Dedoplistskaro municipality. According to 2016 statistics, 20% of the population is young, 41% are middle-aged, and 38% are over 65; 53% of the population is women. The aging process of the population is accelerated due to the constant migration of youth and middle-aged people to Tbilisi and abroad.

Agriculture is one of the leading sectors of the municipality, it is rich in agricultural lands with an area of 181 690 ha including arable land - 56 000 ha.

There is not well-arranged network of irrigation systems in the area. The irrigation mainly uses the river Alazani and the river Iori, which flow to the borders of the municipality and the Republic of Azerbaijan. This Local Economic Development Plan was developed within the framework of the "Mayors for Economic Growth" initiative, by the close dialogue with the private and public sectors that focuses on private sector development and is results-oriented in order to ensure economic growth, development and employment. The document is in line with the municipality's 2019-2021 priorities document, as well as with the Local Development Strategy developed by LAG, the Kakheti Region Development Strategy 2014-2021 and the Integrated Development Program of Pilot Regions 2020-2022. The plan was developed in collaboration with the private sector and civil society. Stakeholders were identified and involved in the process of developing the documentation.

The plan focuses solely on the economic development of the municipality, such documentation has not been elaborated so far, and moreover, prioritized documents were only being developed by representatives of the local government and made available to stakeholders in the process of implementing the action plan. The total sum of 8 757 950 GEL (2 766 435 EUR) is envisaged for the implementation of the measures outlined in the plan, 62.5% of which will be financed by the municipal and state budgets, 20% by the private sector, 17% by the donor organizations, and 0.5% by funding. Each project is specific, timed, measurable and achievable.

5. The process of elaborating the Local Economic Development Plan

The process of elaborating the Local Economic Plan was carried out with the direct involvement of the Mayor and the City Hall staff, in partnership with the private and public sector representatives involved by the principle of equality. Several meetings were held with business representatives in the focus groups selected according to different economic sectors. There were held 5 focus groups and there were involved 20 business representatives in each group. (including 8 women and 12 men) To identify needs, build partnerships and plan joint events, the focus groups were staffed with farmers, winemakers, hotel owners, large and medium-sized entrepreneurs and several stakeholders from civil society, totaling 60 men and 40 women. One meeting was held for financial institutions operating in the municipality, one joint meeting with representatives of the City Hall and the City Council, one meeting with educational institutions and student youth. Attendees of the meetings answered the questionnaires. The questionnaires were developed in accordance with the methodology provided by the Initiative Secretariat. At the meetings, data were collected as needed for economic analysis, as well as needs were

identified, versions of vision and goals developed. Gender balance was taken into account when organizing the meetings. Online community surveys were also conducted to better understand their problems and difficulties.

The analysis of the questionnaires revealed the stakeholders, a 10-member local economic development partnership (including 5 women and 5 men) and a 4-person plan working group were set up. The working group was composed in accordance with gender balance and by relevant representatives selected from the focus groups: one representative from the private sector (1 male), one representative from the non-governmental sector (1 female) and two representatives from the municipality City Hall (1 female and 1 male).

Consultations were held between the business sector and civil society and the concept of the initiative was introduced. The issues were resolved by a majority of votes, and most of them were agreed by consensus. After the meetings, there were frequent initiatives for additional meetings, social networking and telephone communication. At the idea level, agreement was reached on the possibility of co-operation between the sectors and some partnerships. For example, the mayor initiated additional meetings with hotel owners, vine-growers and winemakers (family cellars), with their views on industry development, production and advertising.

A number of activities have been planned for the partnership and joint work, which are outlined in the Action Plan.

6. Local Economic Analysis

6.1. Analysis of the local economic structure

Dedoplistskaro municipality, despite being less than 10% of the population of Kakheti, contributes significantly to the economic performance of the region, particularly in agricultural production. In addition to agriculture, its local economy is represented by tourism, mining and processing industry (limestone), various services, trade and construction.

Taxes on land and property have a large share in the local budget, which is explained by the municipality's enormous land resources, making the municipality the first in the country in terms of per capita agricultural land in the country. The budget structure reflects the economic structure of Dedoplistskaro municipality, where the largest part of the local value chain, 57% of enterprises is extractive industry (limestone), and trade and production account for 21% (Trade-Services Sectors: Auto Services, Hotels, Catering & Other Household Services). The municipality's value added products are also contributed by agriculture (14%), trade (10%), services (8%) and construction (5%). The remaining 6% comes on healthcare, education, etc. These sectors mainly use local suppliers and resources to develop their value chains.

As of today, any company, or any particular branch, whose products or services reflect the individuality of the area and distinguish it from others currently does not exist in the municipality (See: Annex "G" and Annex "D").

As of 2017-2019, there have been 55 construction permits issued on investments implemented on the municipality territory, most of which are in the field of agriculture (grain warehouses, sheds, etc.), 24 objects in total, and 26 objects - on the building and reconstruction of trade facilities. It is worth noting the construction and reconstruction of catering facilities, hotels, small cellars, with 5 permits issued.

Compared to previous years the number of registered enterprises is increased, which is determined by the business and agriculture development programs in the municipality in recent years, also by the EU-funded projects, which contribute to the growth of a number of various types of enterprises and business development. At present, there are 180 enterprises registered in the municipality, 18 of which are large, 72 medium and 90 small.

Large amount of limestone is found in Dedoplistskaro municipality. There are two powerful limestone plants operating in the extractive and processing industries, though agriculture still holds the leading position in the municipality's economy.

The growth of the economic sector in the municipality is recorded in the following areas: construction, trade, hotels and restaurants, processing industry - meat and dairy products, grapes and fruits, oil and flour production. Industrial development is directly linked to agriculture, so agriculture is an important economic sector of the municipality.

Agriculture has the largest share in the sectoral structure of the municipality - 70.5%. In its turn, the main areas of agriculture are: field husbandry, animal husbandry- food processing (coarse food) and viticulture-fruit growing, as well as newly developed fields of poultry and beekeeping.

The total area of agricultural land in the municipality is 181,690 hectares, of which 56,000 are arable lands, with cereals (wheat, barley and sunflower) being harvested annually.

65271 hectares are pasture lands. Vineyards are actively being cultivated in the municipality as well. As of today, 1500 hectares of vineyards have been allocated, a 30% increase over the previous years. The main impediments to farming development are: lack of irrigation water, faulty irrigation systems, lack of windbreaks, climate change, ongoing desertification process and natural disasters such as hail and floods in riverine villages that affect local farmers. The increase in agricultural production is hampered by less access to agricultural services and agro-technology and a lack of specialists in the field. The spread of diseases and pests is also an important obstacle. Since cattle breeding (cows, sheep) is a major area of the agricultural sector, there is a need to raise farmers' awareness and develop their veterinary skills.

Economic structure of Dedoplistskaro Municipality

1	Extractive industry (Limestone)	57%
2	Production	21%
3	Agriculture	14%
4	Trade	10%
5	Services	8%
6	Construction	5%
7	Health care/education	6%

Tourism is booming in the municipality as one of the growing sectors of the economy. This is conditioned by two protected areas within the municipality, which is 12% of the municipality. The existing tourist service facilities (cafes, restaurants, hotels, guesthouses and hostel-type hotels) in the municipality are not sufficient to meet the current demands, nevertheless, tourist infrastructure and services are being gradually improved. According to the statistics of visitors to protected areas, the number of visitors has increased by 20-30% in the last 3-4 years. It is noteworthy that there are currently 7 tourist routes, 16 night bungalows, 7 picnic areas and 10 camping sites in the protected areas, which are equipped respectively.

Also, as of 2019, there are 10 operating hotels and 14 catering facilities. There are 5 wineries/wine cellars in the municipality. In Dedoplistskaro municipality there are 3 museums and 1 exhibit eco-hall in the administration of protected areas.

Based on current trends in tourism, a sharp increase in tourist flow is expected in the coming years, leading to an imbalance between demand and services. Currently, the impediments are lack of municipal transport and less developed tourist infrastructure.

Donor and international organizations are implementing projects in various areas of the municipality, including establishment of windbreaks by the organization REC CAUCAS, a EU-supported international organization "HEKS-EPER" is implementing a four-year project "Civic Engagement for

Economic Development” with strategic goals: poverty alleviation, business diversification in all areas (including agriculture, tourism, etc.), ecology and environmental protection, creation and development of services in the field of services (cultural, educational, technical, domestic, etc.). Current businesses, startups and various social projects were funded in this direction. Within the framework of the project, with the initiative of the local development group and with the support of the City Hall, a tourism association was established with the main aim of stimulating the development of local tourism.

Despite of, the economic indicator in the Municipality is gradually increasing each year and discussing by business sector representatives, it still remains a challenge non-basic knowledge of filling out application forms and writing business plans.

Also the availability of cheap agro-credits and lack of relevant equipment/machinery or shortage of raw materials according to business spheres.

6.2. Local collaboration and networking

The network of cooperation between business companies is less established, it can be said, it is at an early stage of development. There is no structured mechanism or any institutions for cooperation and communication in the municipality. Business representatives share information and experiences with each other in personal relationships or during spontaneous meetings. There is some structural cooperation experience in agriculture. Legislative changes, state initiatives, and international organizations over the past 3-4 years have been actively promoting the development of agricultural cooperatives and encouraging such cooperation. There are currently seven agricultural cooperatives operating in the municipality. As for the cooperation between the business companies and the municipality administration, there is some experience of the relationship, with the initiative of the Mayor of the Municipality there are frequent meetings between business representatives and the municipality officials, where information on specific possible sources of funding is provided. It should be noted that there are established the Mayor’s counselors, youth and gender councils in the municipality with the involvement of civic organizations, which also play an important role in local co-operation.

With the initiative and involvement of the public and private sectors, a business association was established in the municipality for local economic development. The association has 12 members, of which 5 are women and 7 are men. 4 members are selected from the public sector, 3 - from the civic and 5 members from the private sector. The Association shall hold quarterly meetings to discuss and judge on current economic development processes and new challenges in the municipality. It is also important to hold an international investment forum in the Kakheti region aimed at acquainting potential investors with the investment opportunities in the agricultural and tourism sectors. At the meetings, the Mayor shall expresses his readiness to establish private and public partnerships, to implement a joint project that should enhance the qualification of private sector representatives, improve the investment environment and attract more financial resources.

6.3. Business-friendly, transparent and corruption-free administration

The priority of Dedoplistskaro Municipality is to promote transparency, accountability and openness of government activities, ensuring the implementation of good governance principles and reducing the level of corruption in public administration.

Given the meetings and recommendations received, the priority for the private sector is to be able to receive information about the City Hall procedures in an interactive manner, eliminate delays in decision-making and simplify the permitting process. At present, the City Hall and the City Council are filling electronically. The incoming document will be registered in the electronic case management system, which reduces the time required to return the document. Through the electronic case management program, the Municipality is connected to all governmental organizations. The independent newspaper “Shirak”, the City Hall website, the Facebook page and the Information Center are actively covering local news and the work of the City Hall and the City Council. The municipality is considering developing business support programs. Particular attention should be paid to increasing municipal awareness and investor interest, selecting forms of cooperation and relationships with the

private sector, improving communication and awareness of the state and donor organizations' business support programs (See: Annex: V).

The Department of Economics and Property Management of the City Hall and the Procurement Division provide information and consultations with business representatives when dealing with the business sector. Unfortunately, the City Hall does not have an environmental, tourism and international projects management service or department directly focused on finding donor and international organizations, attracting investment, developing environmental, tourism and various business support programs. However, the municipal administration is trying to promote development of the business sector through various activities but these activities are spontaneous, do not fall within a specific system and do not rely on any strategic document.

Dedoplistskaro Municipality is a member of the "Open Government Partnership (OGP)" initiative and is committed to promoting transparency, open and honest governance, enhancing civil rights, combating corruption and introducing new technologies into governance. A web platform with integrated electronic services and an electronic calendar is being developed to allow users to get complete information on all the activities, services and projects planned by the City Hall.

The information on the tenders announced by the City Hall is located in the Unified System of State Procurement Agency, where all interested persons can submit their bids and find them. The work of the tender commission is transparent and all decisions are uploaded in the system. Issuing the permit on using the municipal property or its privatization is carried out by means of a public or electronic auction. The list of objects to be privatized and used is posted on the official website of the Service Agency of the Ministry of Finance. Municipal council meetings are open to the public and they can submit comments and initiatives, though there is a very small number of business community referrals.

The 2019-20 Action Plan will create a Civil Engagement Portal, City Hall Services Portal, and Electronic Petition System. Implementation of budget participatory planning mechanisms and civil control of budget spending is planned in the near future. Elaboration of transparency and anti-corruption strategy of the City Hall will start soon.

6.4. Access to finance

Due to scarce and limited financial resources, Dedoplistskaro Municipality is unable to undertake innovative business sector activities that are tailored to the economic development of the municipality and ensure effective use of local economic potential.

At present, financial resources can be found in commercial banks, microfinance and various international donor organizations located in Dedoplistskaro. There are also various government programs that include financial resource support.

Since 2014, in order to support small and medium businesses and investment environments, state programs "Produce in Georgia", "Preferential Agro Credit" and "Implement Future" have been launched, providing access to financial resources, real estate and consulting for entrepreneurs.

The municipality also has a representative office of the Ministry of Environment Protection and Agriculture of Georgia, which is not sufficient to inform the population about the projects supported by the Ministry. Because some of the procedures for the use of government programs are bureaucratic and often time-consuming, the private sector chooses to fulfill the work with its limited resources. Banks and microfinance organizations within the municipality issue loans to small business companies and agro-sector from 50 up to 50,000 GEL (in all banks differently) without any mortgage or guaranty. Banks issue loans both for the purchase of fixed assets, and for operating expenses and working capital. High interest rates on loans place heavy burden on entrepreneurial activity and business. Also, banks do not fund start-ups if there is not any kind of investment already in business, which causes some resentment among start-uppers. There are also some cases when the state funding of projects in the field of agriculture is delayed for various reasons and entrepreneurs can no longer preserve the deadline, although it should be noted that in some cases this is not a one-sided problem. It is also noteworthy that farmers are not insured on time, which is a big problem for them. Although there are various state programs in the field of agriculture and innovative entrepreneurship, within which start-ups, small and medium-sized businesses have the opportunity to obtain state funding; within this project walnut, almond and olive plantations, greenhouses, nurseries, warehouses were set up in the municipality, yet,

developing business plans remains a major challenge; due to the lack of knowledge and experience, there are often cases when they cannot receive funding (See Annex: Z).

6.5. Land and infrastructure

Along with the development of the economy, the demand for land (both agricultural and non-agricultural) and real estate has been increasing in the municipality lately. The main wealth of the municipality is the existing agricultural land. The total area of agricultural land is 181,690 hectares. 24% of arable land is fully utilized, with grain (wheat, barley and sunflower) being harvested every year. Vineyards are actively being cultivated in the municipality as well. At present, 1500 hectares of vineyards have been allocated. The main barriers to further development of agriculture in the municipality are irrigation and reclamation system malfunction, as well as scarcity (almost nonexistence) of windbreaks, land erosion and the onset of desertification resulting in gradual land exhaustion/degradation, which in turn affects crop quality and quantity.

It is important to conduct soil laboratory research for agroforestry development, rational land use and crop selection. It would be better if the laboratory was located in the municipality (See Annex: T).

The state and municipal real estate on the municipal territory is mainly amortized, most of which are owned by various ministries, making it difficult to use the property for investment purposes. Identification and registration of unregistered property is actively underway. However, there are no investment packages and a list of interesting land and real estate offered to investors in the municipality. Business demand for the alienation-leasing of both agricultural and non-agricultural land and buildings has increased. There is also a growing demand for modern shopping, warehousing and refrigeration spaces, isolated retail/working spaces suitable for micro companies.

There are no irrigation and drainage systems, which needs a fundamental changes of the irrigation system. So that the water loss not to be large and reach all the plots.

6.6. Regulatory and Institutional Framework

Despite the simplification of certain procedures, there are still some obstacles to better business development and simplification in the municipality. There are still some bureaucratic barriers, legislative regulations and administrative rules. One of the problems is in the procedures and deadlines for issuing construction permits, which in some cases result from the lack of coordination between agencies and the lack of relevant qualified staff. Business representatives say that although some bureaucratic barriers have been removed or simplified, there are still some regulations and administrative rules that hinder their operations over time. There is no coordination between agencies in this area and different agencies require the same information to be provided. There are some obstacles in preparing and issuing the necessary documentation for registration of land and property, either. Certain areas of municipal land are accounted for in the balance of the Ministry of Economy, making it more difficult to rent, lease or dispose of land. For this purpose, it is advisable to systematically register the land and simplify the registration process. The Economic Department of the Municipality works closely with the relevant agencies in this area.

Business representatives say there is a need for a business ombudsman operating locally or regionally to ensure that the interests and rights of entrepreneurs are protected.

6.7. Skills and Human Capital, Inclusivity

Higher and vocational education is available to local people. However, by sectoral analysis of skills and human capital in the municipality, it was found out that in the field of agriculture, industrial activities, commerce, catering, hotels, construction and development businesses, as well as in health care and social services, various domestic and technical services there is a sharp shortage of qualified staff, due to the low-payment and migration of the population in search of a desired job. An average of 280-300 students leave public schools in the municipality each year and continue their education at various higher and vocational colleges. Most of young people who receive qualified education in higher educational institutions, do not have a desire to go back. Therefore, in the rapidly growing sectors of education, medicine and economics, the professional skills and competence of staff remain a major challenge.

Municipality as a distinctive place with agricultural and tourism potential, the population of the municipality try to invest even more in existing areas for economical growth supporting. This will create new jobs and reduce youth migration.

As the local farmers state, today the agro sector suffers from a shortage of veterinarians, agro-engineers, mechanics, wine technologists and other agrarians. According to them, it is necessary to increase the qualification of the personnel in the mentioned segment according to modern technologies and new standards. With the development of tourism in the municipality, there is a growing demand for qualified service personnel. Required professions are: cooks, foreign-language guides and drivers, plumbers, engineer-builders, auto-tech and various household services staff. Young, hard-working and qualified staff have left the municipality, which is a challenge for the local government. The municipality is looking for ways to help jobseekers, which will be the best step in stopping migration in future.

The priority of local economic development is the maintenance of gender balance and the promotion of women's professional development, as well as the provision of equal opportunities. The Women's Room at the City Hall is actively working to solve this problem, and in close cooperation with NGOs, specific trainings are provided and they are employed in various donor-funded household enterprise.

Municipality as a distinctive place with agricultural and tourism potential, the population for the economical growth, attaches a great importance to invest even more in existing areas. This will create a new jobs and reduce youth migration.

6.8. External Positioning and Marketing

According to the researches and inquiries, carried out within LEDP developmental process, Dedoplistskaro Municipality is characterized as an attractive place for agricultural production by local population, as well as considered as an attractive place for future investment, based on its geographical location, unique ecosystem and fertile soil. Besides, well-maintained road infrastructure throughout the municipality (including asphalt pavements in border villages with support of the World Bank), important historical, archaeological and cultural sites. However, the investment potential of the municipality is not properly presented to the investors. There are no investment catalogs and relevant marketing tools for this. Technical-expert assistance project (preparation of Georgian public administration for implementation of pilot integrated regional development programme within investment), is aimed at advancing local investment capacity in the direction of investments by means of sharing investment experience of Poland, preparing investment offers and investment packages in the appropriate form. The project is supported by the Ministry of Regional Development and Infrastructure of Georgia and the Ministry of Investment and Economic Development of Poland. Under the bounds of the project workshops, trainings, experience sharing and expert assistance is to be carried out at municipal and regional level).

According to the private sector, it would be better if the investment Catalogs were prepared in such a way, where the investor will be interested in the agrarian aspects and will help farmers solving many problems, such as for example to buy high quality planting materials, high quality fertilizers and sprayer materials. Set up of the irrigation system. Because of these challenges, they are only able to grow fruit trees and vegetables on a small areas – mainly for local consumption. As a result, the municipality imports fruits and vegetables mainly from neighboring municipalities.

There are two major protected areas in the municipality, more than 40 historical-architectural landmarks, historical monuments of paleontological and antiquity, museum, visited by many Georgian and foreign visitors every year.

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In this direction, Dedoplistskaro Municipality has an unique opportunity to become one of the most important tourist centers in the region, as well as one of the most important tourist centers in the country. In order to get acquainted with local traditions and promote production, festivals under diverse events have been organized in the Municipality during recent years, as well as local public holidays have been set up. Moreover, it also hosts sporting events of republican and international importance, aimed at improving attractiveness of the municipality, which significantly promotes popularity and increases the flow of visitors.

Mayor of Dedoplistskaro Municipality, state grants and private sector, sponsored by international donor organizations are actively cooperating to make investments in various fields, aimed at economic development and job creation, promotion of local wine cellars, planning new tourism routes, creating recreational zones, setting up an entertainment center, rehabilitating playgrounds, expanding/improving existing tourism services, and, afterwards, actively positioning them in target markets.

Within the framework of a EU grant, Dedoplistskaro Municipality and the Caucasus Regional Environmental Center have signed a contract project “Creating a Biosphere Reserve as a Model for Inclusive and Sustainable Growth at the Local Level”, which will be of great benefit to the municipality in terms of both economic and environmental issues (See Annex E).

7. Strengths and Weaknesses, Opportunities and Threats (SWOT) analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Fertile soil, pastures; • Diversity of agricultural spheres; • Abundance of historical-architectural monuments; • Orderly road infrastructure; • Abundance of natural resources; • Protected areas and great biodiversity; • Abundance of family wine cellars and production of bio wines; • Willingness of local authorities to engage in all sectors of society to promote multi-cultural traditions for economic development of the municipality; • Various projects supported by international donor organizations; • High trend of growth of tourists and increased potential of development 	<ul style="list-style-type: none"> • Scarce and limited budget of the Municipality; • Less developed tourism infrastructure; • Lack of land research laboratory; • Less access to agro-technology; • lack of water debit and faulty irrigation system; • Absence of windscreen stripes; • Prevalence of animal and plant diseases; • Insufficiently developed tourism industry; • Absence of municipal transport; • Lack of jobs; • Lack of refrigeration farms; • Insufficient knowledge to write business plans; • Low awareness of Municipality's investment opportunities • Low awareness of the sights and cultural-historical heritage of the municipality • Low qualifications and skills of those involved in the agro sector; Lack of qualified staff; • Poor conditions or inadequate recreational facilities, forcing local youth and tourists to seek similar opportunities and facilities elsewhere. • Inadequate cooperation between the public and private sectors. • Low level of access to information in the municipality • Less cooperation between local sectors
Opportunities	Threats
<ul style="list-style-type: none"> • Attracting investments in agricultural and tourism sector; • Arrangement of tourist and entertainment spaces; • Improving the quantity and quality of products produced based on the skills development of the people involved in the agro sector; • Increase the number of visitors and increase revenues; • Planning new tourist routes; 	<ul style="list-style-type: none"> • Pests prevalent in agriculture: grape worms, burns and fungal diseases (in cereals); High risk of various diseases spread in livestock; • Natural disasters: including hail, floods in river banks and drought; • High level of migration; High risk of drought due to lack of irrigation system; • Climate change and desertification processes; • Land erosion;

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| <ul style="list-style-type: none"> • Implementing capital investments; • A growing demand for tourism services and programs; • Increase the awareness of the municipality and trainings in the relevant field; • Deepening cooperation between the public and private sectors; • Increasing the quality and quantity of locally produced products; • Increasing access to agricultural machinery; • Establish a tourism leader in the region; | |
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Discussions with the private sector and partners, and various types of research have clearly highlighted the strengths as well as opportunities of Dedoplistskaro Municipality to be addressed in order to overcome weaknesses.

Strengths, including fertile soil, pastures, agricultural diversity, abundance of historical-architectural monuments, orderly road infrastructure, abundance of natural resources, protected areas and great biodiversity, availability and access to financial institutions, abundance of family wine cellars and bio wine production.

Willingness of the local authorities to get engaged in all the sectors of society to advance economic situation of the Municipality, multicultural traditions, various projects implemented by international donor organizations, a high trend of tourism growth and enriched potential of development creates the best opportunities in order to achieve the certain goals set out under the bounds of the plan.

Actions are aimed at overcoming the major weaknesses, identified by situational analysis, including less access to agrotechnics, the absence of windbreaks, the spread of animal and plant diseases, the shortage of skillful workers, insufficiently developed tourism industry, insufficient knowledge to write business plans, insufficient information regarding Municipality investment opportunities etc.

8. Vision and Goals

Vision:

Dedoplistskaro Municipality based on attracted investments and improved resources, developed tourism and agriculture sectors is regarded as an attractive **municipality for best standard of living, working and investing.**

Above mentioned view, with the active involvement of the public, private and civil sector, will achieve the results set out under the action plan.

Strategic Goals:

1. Improvement of tourism infrastructure and services
2. Improving the services of local businesses and investors
3. Promoting agricultural development

9. Action Plan

The Local Economic Development Action Plan is elaborated as a result of cooperation of the parties involved in the process. The plan foresees to create an interesting and attractive environment for investors, develop local tourism potential and create job opportunities. The main body responsible for carrying out the actions, envisaged in the plan is the Dedoplistskaro Municipality and its structural units. The agency, responsible for implementation of the plan will actively cooperate with the civil and business sectors.

Thematic Blocks	Main goals	Action	Duration (start / end) Finish)	Participating partners	Orientation value in national currency (EUR equivalent)	Monitoring indicators/Instant results indicators	Outputs / End Outcomes Indicators
External Positioning and Marketing Land and infrastructure Skills and Human Capital	Advancement of tourism infrastructure and services	1.1. Planning two new tourist routes;	3/2020-5/2020	Dedoplistskaro Municipality; LAG; DMO	3000 GEL 950 EUR	Tourist trails are arranged, places selected and infrastructure arranged	Routes will be open to visitors. The awareness of the Municipality and the number of visitors will rapidly increasing.
		1.2 Posting information boards, marking tourist trails	01/2020-01/2021	Dedoplistskaro Municipality; DMO	402 000 GEL 123650 EUR	Number of placed information boards, marked paths	The Municipality will internationally popularize. The awareness will increase by 20% and the number of visitors by 12%.
		1.3. Passporting of cultural and historical monuments on the territory of the municipality and preparation of informational tourist destination booklets and guidebooks;	11/2019-01/2020	Dedoplistskaro Municipality; DMO	2000 GEL 650 EUR	An inventory of historical monuments is carried out and booklets/ guides are printed	The popularization of tourist facilities in the municipality will be increase, Awareness of 20% and number of visitors 15%.
		1.4 Organizing festivals, public celebrations and fairs. (Dedoplistskarooba, Pirosmarioba, Wine and Bread Festival)	01/2020-01/2021	Dedoplistskaro Municipality, Private Sector and DMO	26500 GEL 8400 EUR	Number of festivals, holidays, fairs, Number of participants in festivals	The awareness of wine tourism, wine culture and Georgian traditions will be increase About; Municipality awareness will increase by 25%, local production awareness by 20%, number of visitors to the municipality by 15%, local producers' revenues by 15-20%.
		1. 5. Arrangement-rehabilitation of the access road to the house museum of Niko Pirosmari	4/2020-10 /2020	Dedoplistskaro Municipality and the Ministry of Infrastructure and Regional Development	3 000 000 GEL 967000 EUR	The access road to the museum was arranged	Tourist infrastructure will be improved. With the improvement of infrastructure, the flow of tourists has increased, the socio-economic situation of the population will be improved.

		1.6. Training of tourism staff (guides, drivers, hotel staff) Basic foreign language skills, knowledge of routes, improvement of the quality of hosting services	04/2020-01/2021	Dedoplistskaro Municipality and donor organizations	3000 GEL 950 EUR	Number of trained personnel	Qualified staff will be increased in various fields of tourism services
		1. 7. Arrangement of a view of “Eagle Valley” and provision of relevant infrastructure for location of new route _	01/2020-01/2021	TJS and Municipal Development Fund	150000 GEL 45800 EUR	Relevant tourist infrastructure was arranged	New destination route “Birdwatching” will open to visitors. The number of visitors has increased and a new center of attraction has emerged in the Municipality
External Positioning and Marketing	2. Improvement of services of local business and investors	2.1. Capacity building for investment and preparation of investment portfolio	11/2019-11/2020	Ministry of Regional Development and Infrastructure of Georgia and Ministry of Investment and Economic Development of Poland/ Dedoplistskaro Municipality	45 000 GEL 13 750 EUR	Number of employees have been trained to prepare investment proposals; A list of investment offers in the form of a single investment package is prepared	Availability of local resource in terms of investor services/awareness of investment potential at the municipality level/grants and investment in the private sector will be increased about 30%.
Skills and Human Capital		2.2. Conducting training-workshops for the representatives of private and public sector	5/2020-11/2020	Dedoplistskaro Municipality and Private Sector	3000 GEL 950 EUR	Groups from both sectors are selected. The topic of the trainings was determined and the schedule of the trainings, the number of meetings were defined	The qualification of the representatives of private sector/private sector awareness of grant-investment projects will increased, Cooperation between the Private and Public Sector will be promoted.
		2.3. Filming of the video “Made in Dedoplistskaro”;	01/2020-5/2020	Dedoplistskaro Municipality	2500 GEL 800 EUR	Prepared video clip and broadcast on various news portals	External positioning and investment attractiveness of the municipality have increased, Interest of tourists in local products has promoted.
		2.4. Holding an International Investment Forum	11/2019-05/2020	Dedoplistskaro Municipality/ DMO/Donor Organization	150000 GEL 45800 EUR	Conducted forums, prepared presentations	Awareness level is increased/Investors' interest in investing in Dedoplistskaro Municipality has raised
Skills and Human Capital	3.Promoting agricultural development	3.1. Raising awareness of agroforestry representatives in the cultivation and production of wheat, barley, sunflower. Promotion of agro sector, retraining of specialists in the field.	05/2020-11/2020	Dedoplistskaro Municipality Mayor's Office	2500 GEL 800 EUR	On-demand training group of agrarian sector is selected. 20 people were trained.	There will be increased skilled staff in the agro sector along with employment opportunities. Awareness in the agro sector will be enhanced, the number of people employed in the agro sector as well as the quality of services provided by specialists in the agro sector will be promoted.
Land and Infrastructure		3.2. Creation of a biosphere reserve that aims to preserve vital environment, global environmental monitoring, scientific research, recreational and educational activities.	01/2020-01/2021	Dedoplistskaro Municipality Mayor's Office and REC CAUCASUS REC CAUCASUS	912450 GEL 300 000 EUR	A biosphere reserve of Dedoplistskaro Municipality has been created	Awareness of the Municipality at international level /use of land resources has been increased
External Positioning and Marketing		3.3. Restoration of windshield stripes	10/2019-12/2020	Dedoplistskaro Municipality Mayor, Ministry of Environment Protection and Agriculture and REC CAUCASUS	56000 GELs 17500 EUR	Area of cultivated and restored windshield strip	Soil erosion of the land will reduced, ecological status of arable landswill be improved and soil fertility will be increased
		3.4. Purchase of agricultural machinery	10/2019-02/2020	Rural and Agriculture Development Agency, private sector	4000 000 GEL 1222455 EUR	Number of purchased agro equipment	Use of agro-techniques and opportunity of soil treatment will be increased

10. Financing Scheme

Local Economic Development Fund of The Dedoplistskaro Municipality financing scheme sets out the benchmark cost of each measure, including both capital and other costs: The total estimated budget is estimated by 8 757 950 GELs (2 766 435 EUR), out of which 378 700 GELs (122 161 EUR) – distributed from Dedoplistskaro Municipality Budget.), From a high-end budget - 4 000 000 GELs (1 290 322 EUR), 2 805 500 GELs (905 000 EUR), from the private sector - 1 521 950 GELs (490 951 EUR) will be spent from the budget of donor organizations, with 50000 GELs (11075 EUR) being cut in funding. The allocation of funds between actions is consistent with the value of the measures envisaged in the bounds of the plan and is intended to fulfill the objectives set out according to the plan.

Events	Benchmark value	Source of funding				Interruption in funding	Remarks
		Local Budget	High level budget	Business	Donors		
1. Planning two new tourist routes;	3000 GEL 950 EUR	2000 GEL (625 EUR)			1000 GEL (325 EUR)		
2. Posting information boards, marking tourist trails;	402 000 GEL 123650 EUR	37 000 GEL 650 EUR			365 000 GEL 111550 EUR		
3. Passporting of cultural and historical monuments on the territory of the municipality and producing information tourist booklets and guides about it;	2000 GEL 650 EUR	2000 GEL 650 EUR					
4. Organizing festivals, public holidays and exhibition-fairs	26500 GEL 8400 EUR	21500 GEL 6800 EUR		5000 GEL 1600 EUR			
5. Filming of the video "Made in Dedoplistskaro";	2500 GEL 800 EUR	2500 GEL 800 EUR					
6. Capacity building for investment and preparation of investment portfolio	3 000 000 GEL 967000 EUR	300 000 GEL 96 700 Euro	2 700 000 GEL 870 300 EUR				
7. Training of personnel involved in tourism	3000 GEL 950 EUR				3000 GEL 950 EUR		
8. Arrangement of a view of "Eagle Valley" and completion of relevant infrastructure for location of new route	150 000 GEL 45800 EUR		100 000 GEL 34725 EUR			50000 GEL 11075 EUR	
9. Capacity building for investment and preparation of investment portfolio	45 000 GEL 13 750 EUR	3000 GEL 950 EUR			42000 GEL 12 800 EUR		
10. Holding training and workshops for representatives of the Greek and public sectors	3000 GEL 950 EUR			500 GELs 150 EUR	2500 GEL 800 EUR		
11. Holding an International Investment Forum	150000 GEL 5200 EUR	10 000 GEL 3400 EUR			140000 GEL 48600 EUR		
12. Increase awareness of project representatives, promotion of agro sector, retraining of field specialists.	2500 GEL 800 EUR	2500 GEL 800 EUR					
13. Creation of Biospheric Reserve	912450 GEL 300 000 EUR				912 450 GEL 300 000 EUR		
14. Reduction of wing stripes	56000 GEL 17500 EUR				56 000 GEL 17500 EUR		
15. Purchase of agricultural machinery	4 000 000 GEL 1388000 EUR		2200000 GEL 818 000 EUR	1800000 GELs 970 000 EUR			
SUM	8 757 950 GEL 2 766 435 EUR	380 500 GEL 122 161 EUR	5 000 000 GEL 1 290 322 EUR	1805500 GEL 485 000 EUR	1 521 950 GEL 490951 EUR	50000 GEL 11075 EUR	

11. Monitoring Indicators and Mechanisms

The implementation of the local economic development action plan of the Municipality will be coordinated and monitored by the local economic development officer and the monitoring committee (group) established by the partners. The monitoring team will be balanced equally by men and women. The group will meet once every 2-3 months, summarize the work done, and discuss effective ways in order to implement future activities.

Implementation of measures outlined in the Local Economic Development Action Plan and evaluation of their effectiveness is carried out by the task force in accordance with the Internal Monitoring Action Plan.

<i>Action</i>	<i>Duration (Start / End)</i>	<i>Expected Results Month 1-6</i>	<i>Expected Results Month 7-12</i>	<i>Expected Results Month 13-18</i>	<i>Expected Results Month 19-24</i>
1. Planning two new tourist routes;	3/2020-5/2020	A special working group has been set up to plan tourist routes.	Location was selected for the tourist routes; Complexity, duration and distance of the routes were determined.	Routes were marked, reconstruction works of proper infrastructure was arranged and the test group was set on the trail.	The new route will fully assimilate tourist attractions and attract visitors. Two new routes have been opened and the first visitor group has been accepted.
2. Distributing information boards, marking tourist trails;	01/2020-01/2021	Special locations for distributing trail marking and information banners were selected.	Information boards and relevant materials for marking the trails were prepared	Information boards were placed and the trails were marked by working group	Tourists enjoy new trails and information boards. The municipality was popularized locally and internationally
3. Passportization of cultural and historical monuments on the territory of the municipality and preparation of tourist destination leaflets and guides;	11/2019-01/2020	Target group was selected, staffed by relevant specialists	The group started description of the monuments in the municipality and prepared special photos and materials for the booklet.	Tender was announced for printing leaflets.	A new tourist guide is printed, including full information related to cultural and historical sites, located in the municipality
4. Organizing festivals, public holidays and fairs	01/2020-01/2021	Determining the schedule of festivals and public holidays throughout the year.	Arranging the area for holding festivals and holidays, provision with relevant inventory	Informing the private sector and selecting participants	Events have been held. Entrepreneurs have presented their own products and awareness has been raised concerning locally produced products
5. Filming of the video "Made in Dedoplistskaro";	01/2020-5/2020	A place was selected to shoot the video.	The certain theme for the video was aimfully selected which represents video material to reflect local products, culture, traditions and tourism potential in a better way.	Appropriate inventory has been prepared for the enterprises to make their own video footage.	A video clip is shot which introduces tourism potential of the municipality and local products for domestic and international tourism market.
6. Arrangement and rehabilitation of the access road to the house museum of Niko Pirosmani	4/2020-10/2020	Project-estimate documentation is being prepared.	Asphalt paving will be laid from the central road to the entrance of the museum	Road signs will be arranged	Access road to the museum fully furnished.
7. Training of tourism personnel	04/2020-01/2021	Space was allocated, training topics were defined and a training schedule was developed	Focus groups were selected, specially demanding tourism specialties were identified, requiring retraining	Invitation of experienced trainers or specialists in the field of tourism for training	The group of 15 participants is trained in the field of tourism services.

8. Arrangement of a view of "Eagle Valley" and completion of relevant infrastructure for new route location	01/2020-01/2021	A special place was chosen to decorate the ramp and view.	The location was marked for the "Birdwatching" trail	Infrastructure, information banners and signs have been arranged.	A new route has been opened and the first visitor group has been accepted.
9. Capacity building for investment and preparation of investment portfolio	11/2019-11/2020	Selection of municipal staff for the above mentioned activities	Inclusion in the training program for preparation of investment packages.	The group prepares a complete set of investment proposals and offers for investors	The package is ready for the interested investor.
10. To conduct training-workshops for Greek and public sector representatives	5/2020-11/2020	Space was allocated, training topics were defined and a training / visitation plan was elaborated.	Places/farms have been selected where participants will be selected to share best practices and share experiences.	Training-workshops were held	About 20 participants were introduced to best practices in entrepreneurship, raising their knowledge and skills Cooperation between the private and public sectors has improved
11. Holding an International Investment Forum	11/2019-05/2020	Establishment of a regional working group	Involvement of the working group and cooperation with the private sector in order to attract investments	Involvement in the organizational issues of the forum for cooperation with the business sector.	A forum was held and project proposals were made available to potential investors.
12. Raising awareness of agro sector representatives, promoting agro sector, retraining of field specialists.	05/2020-11/2020	Space was allocated, training topics were defined and a training plan was developed.	Focus groups were selected and specific demanding specialties were identified in the agro-sector that needed retraining.	Invite trainers or experienced specialists in the agrarian field for the training	The group of 20 participants is retrained in the corresponding specialties in agro sphere
13. Creation of biosphere reserve	01/2020-01/2021	Selection of an area	Making an Agreement between the Municipality and REC CAUCASUS.	Commencement of works to prepare relevant documentation, informing the population regarding planned activities	The Biosphere Reserve was created as a model of inclusive and sustainable growth at the local level.
14. Restoration / cultivation of windbreaks	10/2019-12/2020	Selection and preparation of the area	Bringing seedlings	Planting and maintenance of seedlings	The windshield has been restored to improve the ecological status of arable lands and increase soil fertility
15. Purchase of agricultural machinery	10/2019-02/2020	Involvement in the program	Selection and retrieval of techniques	Acquisition of equipment	10 units of agricultural equipment were purchased (combines)