



Local Economic Development Plan
Sagarejo Municipality
Georgia

September 2019

Preface of the Mayor



In April 2018, by signing the EU initiative "Mayors for Economic Growth", I shared the responsibility and commitment underlying this initiative. My aim, as a mayor of the Municipality, is to actively contribute to the improvement of the socio-economic conditions of the population of the Municipality, which can be achieved by strengthening the capacity, as well as with the active cooperation with the private sector and civil society. Since the Municipality's population's well-being and economic prosperity is a priority for me, I am ready to utilize all the possible resources existing in the Municipality in order to achieve the goal.

It is of the utmost importance for us to cooperate with the private

and public sectors, to share partner countries' best practices with joint efforts in order to plan and implement the actions needed for the economic growth of the Municipality.

Our Local Economic Development Plan, using the economic potential of the Municipality will enable us to implement the vision and goals outlined in the plan to make the Municipality an attractive place to live, work and invest. Part of the activities envisaged in the 2019-2021 Action Plan will be financed by the local budget, business sector, state budget and from the attracted investment.

I would like to thank the EU initiative 'Mayors for Economic Growth', the Sagarejo City Hall Secretariat, the City Hall, the representatives of private and civil sector, and the people who were actively involved in the development of the Municipality's local economic development plan. I am hopeful that with the active involvement and collaboration with the private sector we will achieve our goal.

I am ready to personally participate in the implementation of the 2019-2021 Action Plan with local government representatives, the private sector and donors in order to implement effectively the planned activities.

Sincerely,

Mayor of Sagarejo Municipality
Giorgi Erbotsonashvili

For a copy of the plan, please contact: Sagarejo Municipality

Name: Nino Onashvili

Position: II Category Senior Economic Development Specialist

Address: 9 Agmashenebeli Ave., Sagarejo, Georgia. Phone: +995 599 13 03 87

E-mail: onashvilinuca@gmail.com

Website: www.sagarejo.gov.ge

1. Executive Summary

The Local Economic Development Plan of Sagarejo Municipality was prepared in the framework of the EU initiative "Mayors for Economic Growth", in cooperation with the local government, the business sector, civil society and non-governmental organizations to support socio-economic development and increase the local population's welfare in the Municipality.

The purpose of local economic development is to plan concrete actions to support the long-term well-being of the Municipality by analyzing the current situation. The plan is focused and oriented on improving the economic situation of the Municipality, which is significantly supported by the Municipality's favorable location, rich natural resources (oil, natural gas, mirabilite, sand-gravel, clay), diverse and developed agriculture, agricultural technology in the Municipality, outdoor facilities, abundance of agricultural land, rich, cultural and intangible heritage; famous climate-balneological resort Ujarma and David Gareji Monastery Complex, the abundance of wineries and wine-cellars, and orderly road infrastructure.

To achieve economic growth it is important to overcome economic weaknesses such as lack of grants and investments, difficulty in accessing foreign industrial markets, low local budget revenues, high unemployment and migration, lack of donor organizations in the agricultural sector, absence of tourism infrastructure, scarcity of hotels, absence of a tourist information center, inadequate infrastructure, inadequate entrepreneurial education level, difficulty in proving ownership for agricultural land, lack of professional staff, absence of supportive start-up programs in the Municipality, etc.

While working on this document together with the partners a strategic vision for the local economic development was outlined, which is oriented on developing multi-disciplinary agriculture and tourism to facilitate the development of the Municipality as an attractive place to live, work and invest.

To achieve the vision the main goals of the Municipality were defined: to improve tourism awareness about the Municipality; to support agricultural development; to increase the private sector's access to finance. The estimated budget for the activities envisaged in the pilot plan is GEL 854,000 (EUR 269160), of which 32.8% will be financed by municipal and state budgets, 4% by the private sector, 63% by donor organizations, and 0.2% gap funding. Each project is specific, time-bound, measurable and achievable.

Activities to achieve the goals will increase the amount of municipal grants and investments, make the penetration into the industry market easy, increase local budget revenues, reduce unemployment, develop tourism infrastructure, increase the number of hotels and tourists and improve entrepreneurial education level. The plan also includes the amount of funding needed for the activities and the possible sources of funding and an internal monitoring scheme of activities.

2. Table of Contents

Preface of the Mayor	2
1. Executive Summary	3
2. Table of Contents	4
3. Annexes and Abbreviations	4
4. Introduction to Plan	5
5. Process of Development the Local Economic Development Plan	5
6. Local Economic Analysis	6
6.1. Analysis of Local Economic Structure	6
6.2 Local Cooperation and Networking	7
6.3. Business-friendly, Transparent and Corruption-free Administration	8
6.4. Access to Finance	8
6.5. Land and infrastructure	9
6.6. Regulatory and Institutional Framework	10
6.7. Skills and Human Capital, Inclusiveness	10
6.8. External Positioning and Marketing	10
7. SWOT Analysis - Analysis of Strengths, Weaknesses, Opportunities and Threats	11
8. Vision and Goals	12
9. Action Plan	13
10. Funding Scheme	15
11. Indicators and Mechanisms for Monitoring	17

3. Annexes and Abbreviations

Annexes:

- Annex A. Process of development the Local Economic Development Plan
- Annex B. In the Municipality distribution of economic activities according to sectors
- Annex C. Classification of enterprises by economic activity and size
- Annex D. Evaluation of local cooperation
- Annex E. Growing sectors (sub-sectors) and their challenges
- Annex F. Accessibility of business sector to finance
- Annex G. The Needs of Private sector for land and infrastructure
- Annex H. Legislative and institutional frameworks

Abbreviations:

- REC CAUCASUS- The Regional Environmental Centre for the Caucasus
- DMO- Destination Management Organization

4. Introduction to Plan

In May 2018, Sagarejo Municipality joined the EU Initiative for 'Mayors for Economic Growth' and expressed its readiness to work closely with business and civil society, form partnerships, promote sustainable and inclusive economic growth and create jobs.

Sagarejo Municipality is located in the Kakheti region in eastern Georgia. Its area is 1491 km² and unites one town - Sagarejo and 43 villages, 16 of which have high mountain settlement status. The population was 52.4 thousand by January 1, 2018. The Municipality's population has decreased by 6.8 thousand or 11.5% over the last 15 years. The population density is 35/km². 21.0 % of the population lives in Sagarejo (town). 66% of the population are Georgians, 33% are Azeri. The administrative center of the Municipality - Sagarejo, is 50 km (45 minutes drive) from Tbilisi; 30 km from Tbilisi International Airport (35 minutes drive); 10 km (10 minutes drive) from the nearest railway station. In Sagarejo Municipality agriculture is mainly developed, particularly, grain/cereal production, viticulture, and cattle-breeding. The number of employees in the business sector increased from 1751 (2014) to 2573 (2018). In view of the abovementioned, the further economic development of the Municipality largely depends on executing planned activities by considering its strengths and weaknesses, solving specific economic challenges, which became the basis for elaborating the Local Economic Development Plan.

The Local Economic Development Plan of Sagarejo Municipality is a plan created through close dialogue with the private and public sector, focusing on the development of the private sector to ensure economic growth, development, and employment.

Such type of document for the Municipality was created for the first time and is designed to serve the specific goals; it is consistent with the Municipality's 2019-2021 Document of Priorities, the country's Social-Economic Development Strategy "Georgia 2020"; the Kakheti Region's Development Strategy 2014-2021 and 2020-2022 for the integrated development program of pilot regions. The estimated budget for the activities envisaged in the pilot plan is GEL 854,000 (EUR 269160), of which 32.8% will be financed by municipal and state budgets, 4% by the private sector, 63% by donor organizations, and 0.2% gap funding. Each project is specific, time-bound, measurable and achievable.

5. Process of Development the Local Economic Development Plan

The Local Economic Development Plan of Sagarejo Municipality is created on the basic principles of M4EG, which imply private, public and civil partnerships. Due to this reason, a working group of 4 people and a partnership of 10 people (6 men and 4 women) were formed with the Mayor's order. The work group was headed by an Economic Development Officer of the Municipality. The work group included: 1 representative from the private sector, 1 representative from business sector, 1 representative from the non-governmental sector and 1 representative from the Municipality (1 woman and 3 men). The majority of members of the Partnership, 7 members are from the business sector, 2- civil sector, and 1 member - local administration. The decisions were made through joint discussions.

The basic principles of preparing the Local Economic Development Plan were the transparency of processes and maximum involvement of civil society and the private sector.

While preparing the plan, two meetings with business sector representatives were held; 42 citizens from different target groups selected from different economic sectors attended these meetings; 1 meeting was organised for the representatives of the public sector and medium businesses in the Municipality, and 1 meeting with representatives of the Municipality and the Municipal Assembly.

During the meetings, data were collected for economic analysis, needs were identified, versions of vision and goals were developed. Also, throughout the Municipality 500 people were surveyed with a questionnaire form which was prepared in advance. 1100 people were involved in these processes. 40% of them were women and the rest were men. The information gathered through the research also proved to be important for further formulation of goals and strategies.

Initially, a low level of activity from the business sector was noticeable, which was partly due to inadequate communication with the public sector, but through active communication with them, partnerships and active involvement in the development of the plan was achieved. During the meetings the possibilities of cooperation between local and private sectors were discussed and it is important to note that the business sector expressed readiness to have the construction of new enterprises in the Municipality financed as well as to have realized investment in agriculture. The Mayor initiated several meetings with winemakers, vinegrowers, and farmers. For future cooperation and partnership the activities were planned, which are described in the Action Plan.

6. Local Economic Analysis

6.1. Analysis of Local Economic Structure

The local economy of Sagarejo Municipality is mainly represented by agriculture, tourism, services, and trade. In regard to turnover and income, the tourism and agriculture sectors are considered as the most promising and developing directions.

The volume of agricultural production in the Municipality has a significant share in agricultural production in the region. The following areas of agriculture are developed: Cereal production, which makes up 12% of the region's grains, viticulture - up to 15% of grapes produced in the region is from Sagarejo Municipality; livestock and poultry are also important. Among the annual plant crops in Sagarejo Municipality mainly wheat, maize, barley and sunflower are sown. The soil of the Municipality is favorable for the cultivation of different grape varieties. The following grape varieties are spread: Rkatsiteli, Saperavi, Manavi Green, especially noteworthy Manavi village zone where the above mentioned unique vine variety comes from- Manavi Green, as well as Khashmi zone - famous for Saperavi grape. Among perennial crops besides the vineyard, almonds and so-called pistachio orchards have been actively cultivated in recent years, for which the soil and climatic conditions are favorable in Sagarejo Municipality. Currently, the most efficient, growing, a local agricultural company in terms of size and annual turnover, is Ltd City Loft and Ltd Udabno, which have invested approximately GEL 500 million in Sagarejo Municipality. Almond production in the country will be increased by 70% with their efforts. The primary production of agricultural products in the closed ground is also important.

The amount of arable land and pastureland in the municipality creates good conditions for the development of livestock, sheep-breeding and pig-farming. The municipality also has 4 slaughterhouses, 3 large and 20 small-scale poultry farming; the produced meat is provided to approximately 50% of the country's market, which distinguishes Sagarejo Municipality from other municipalities in the region, as none of the municipalities produce such amount of chicken. It is also worth noting that the eggs produced in these farms comprise 30% of the eggs produced countrywide.

According to local statistical data, in 2019 there are 760 operating enterprises in the municipality, including 16 large, 36 medium and 708 small enterprises (See Annexes B and C). In addition, 29 agricultural cooperatives are presented in the municipality.

A refrigeration system has been established within the state program within the municipal territory, which is targeted at both the local market and the capital city market.

Beekeeping is also present in Sagarejo Municipality, for which there is a proper climate, though it is necessary to train specialists in the field and make additional investments in beekeeping.

In addition to agriculture, the tourism sector has been also developed significantly in recent years. The number of visitors has increased to 30% in the last three years; one of the influencing factors is the existence of David Gareji Monastery complex and the balneological resort of Ujarma (Iodine Bromian Waters), with tourist facilities developed around the area (55 enterprises), with wine tourism development, cultural heritage and abundance of natural-ethnographic monuments. Ujarma Resort hosts up to 400 guests a month. In case of investment, more sanatoriums can be opened. Large-scale restoration of Ujarma Castle Town is currently underway with the initiative and financial support of the National Agency for Cultural Heritage Preservation. The castle town restoration project is expected to be completed by 2022, which will significantly increase the number of visitors in Sagarejo Municipality.

Wine tourism is actively on the rise in Sagarejo municipality. Every year, 1.1 thousand tons of wine is processed in Sagarejo Municipality. This is a 40% increase over previous years. In Sagarejo the so-called "wine path" is signposted and marks Khashmi, Bride, Sagarejo, Tokhliauri, Kakabeti, and Manavi villages. Currently, there are about 20 small, medium and large wine companies and family wine cellars whose products are exported annually to different countries. Apart from the locals, European winemakers also work in Sagarejo Municipality. One of the important steps forward in the development of wine culture and tourism will be organization of a "Wine Festival" featuring wine produced by large and small wine cellars and other spirits.

Hotel type services are provided by up to 14 small family-run hotels (guesthouses) with 120 beds daily. There are 265 small, 18 medium and 5 large businesses in trading.

6.2 Local Cooperation and Networking

In terms of cooperation and partnership between business entities operating within the territory of Sagarejo Municipality, it should be noted that there is less experience and in many cases the business sector is also passive. There is some experience of structural cooperation in agriculture, for example with agricultural cooperatives in promoting their activities as well as in the field of tourism with Destination Management Organization (DMO) to raise awareness of the subjects involved in the tourism sector and enhance their skills. In addition, meetings with different donors and international organizations have shown through different activities, such as exchanging information, sharing experiences and initiating joint projects, that it is very important to have a vision/strategy that fosters such links.

It should be noted that lately, with the initiative of Sagarejo City Hall, regular meetings are held with the business sector, so-called forums, which are attended by representatives of the Municipality, business, agriculture, and the private sector. The abovementioned forum is a place to share business experiences with each other, raise problems and discuss their solutions. The cooperation with the representatives of the family wine cellars is almost formed to some extent, the Mayor of the Municipality and his representatives meet on a regular basis and some joint events are planned. These kinds of meetings between the Municipality and the business sector make it possible to remove some barriers and facilitate communication, which is a major factor for strengthening the private sector. (See Annex "D")

Sagarejo Municipality announces readiness to establish private and public partnerships, to implement joint projects that will enhance the qualification of representatives of the private sector,

positively position the Municipality, improve the investment environment and attract financial resources.

6.3. Business-friendly, Transparent and Corruption-free Administration

Since 2014, proceedings are carried out on the principle of "one window", mailed or hand-registered document is registered in Sagarejo City Hall's e-Work Processing System, which reduces significantly time and makes the document processing more transparent. Through the Electronic Work Processing System, the Municipality is linked to all government agencies and other public agencies. In the Municipality a municipality-owned newspaper, the Sagarejo City Hall website and the official facebook page of Sagarejo City Hall are run by the Human Resource Management and Public Relations, providing the most up-to-date coverage of the Municipality's latest news, projects, planned activities, etc. The Economic Department of the Sagarejo City Hall communicates with the business sector in case of request provides information and consultancy to business representatives. At the Economic Department of the Sagarejo City Hall there are Departments of Property Management and Tourism Development; Departments of Foreign Relations and International Projects. The Tourism Department also has the function of a Tourism Information Center, but due to inappropriate conditions, the service of the Tourism Center is not adequately implemented. By studying the current situation, it was revealed that business representatives, especially small and start-up entrepreneurs have difficulty to locate and process information they need.

Information on the tenders announced by the Municipality is available on the website of the State Procurement Agency and all interested people can submit their bids. The activity of the tender commission is transparent and all decisions are uploaded on the web site of the Agency.

Rights for leasing or privatization of municipal property are made available through an electronic auction. Privatization and leasehold property data is posted on the official website of the Service Agency of the Ministry of Finance. Everyone can participate in the electronic auction.

Municipal Assembly sessions are open for citizens where comments and initiatives can be promoted, though there are very few referrals from business representatives. In the Municipality the issue for developing business support programs is considered. At the same time, it is necessary to pay special attention to the growth of the Municipality's popularity; attracting investors, choosing forms of cooperation and relations with the private sector, improving communication and raising awareness about business support programs initiated by the state and donor organizations. (See Annex E)

6.4. Access to Finance

The existence and availability of financial resources are often a major problem for new or small businesses. Although, in the Municipality the Information and Consultation Center of the Ministry of Environment and Agriculture of Georgia provides information to the business sector on projects and grants available in the field of agriculture, business sector involvement is still low and in many cases the information is insufficient. Also, the procedures for using state programs are somewhat bureaucratic, often time-consuming, and the private sector prefers to operate the business with its limited resources. Banks and microfinance organizations in the Municipality provide loans to businesses and agribusinesses upon submission of substantiated requests and necessary documentation. The contribution of the state is large in the agricultural loans issued by banks, which facilitates the development of agriculture. In this regard, in the framework of the state program of preferential agro-credit for agricultural development in Sagarejo Municipality, the amount of preferential agro-credits issued in the Municipality between 2013-2018 was GEL153.1

million and 4609 projects were funded by preferential agro-credit. 23 projects have been implemented in Sagarejo Municipality within the framework of the program "Plant the Future", in total the investment of GEL 2 802 000 was made in these projects. Within the state program "Co-Financing of Agro-Processing and Storage Enterprises" on the territory of Sagarejo Municipality, the establishment of one processing plant was approved and made GEL 1 387 000 investment; it employs 9 people. As part of the Micro and Small Entrepreneurship Support Program (so-called GEL 5000 grants), up to GEL 256 000 were subsidized and 30 projects were implemented in the Municipality. It is clear that the private sector is not only less informed about government-supported business projects, but also less aware of donor and NGO-initiated grants. Along with the availability of finances in the agribusiness sector, there is also the problem of agro-insurance, which requires a specific solution (See Annex F).

6.5. Land and infrastructure

One of the most important factors for the sustainable and inclusive development of the business sector is the appropriate environment, resources, and conditions that ensure its effective operation. In terms of land resources, Sagarejo Municipality is one of the leading in the region, with the total agricultural area - 94382 ha. Arable land covers 29386 hectares, perennial crops cover 5275 hectares, 1407 hectares of mowing land, 42 065 hectares of forest, 56884 hectares of pastureland and 1430 hectares of land underlying dwellings.

With the development of business in Sagarejo Municipality, the demand for buildings, land, and infrastructure is increasing. For the past six years, the private sector has identified the need for micro-enterprise or individual entrepreneur space - 114 units, office space - 54 units, buildings - 50, agricultural and non-agricultural land uses -150000 ha. The Economic Department of the Sagarejo City Hall identifies the land on the territory of the Municipality, records the ownership of the unregistered land, inventories buildings and structures owned. Along with municipal property, there is also state-owned property, and in the case of justified claims by the private sector, some property can be granted to the Municipality and allocated for the investor. (For detailed information, see Appendix G).

In the Municipality an inventory working group of agricultural and non-agricultural land has been formed, which inventories the land plots on the territory of the Municipality and prepares them for privatization or leasing to facilitate investment in the Municipality. There is a high demand from the private sector in the Municipality for these land plots. Simultaneously, there is a need to increase the availability of small enterprise-office space, for which it is initially advisable to develop an investment portfolio that will accumulate the Municipality's free-standing/unused property resources for investment purposes.

It is also an important fact that the Municipality has agricultural lands that are highly fertile for both annual and perennial crops. However, laboratory studies of these plots are necessary in order to properly select crops/culture that should be cultivated.

However, the existence of eroded and degraded soil in the municipality should also be noted, with the aim of eliminating unnecessary landfills and measures to combat desertification.

In addition to the existence of land resources and property, further improvement of the municipal infrastructure is a prerequisite for the economic development of the Municipality. This is one of the priorities of the budget for 2019-2021. Priority will be given to the arrangement of drinking water supply and rehabilitation of sewage systems, construction, and rehabilitation of road infrastructure, improvement of recreational parks, arrangement and rehabilitation of outdoor lighting.

6.6. Regulatory and Institutional Framework

Despite the advances in business and simplified regulations in the country, meetings with the private sector and dialogue with them have revealed that there are still some administrative rules that the private sector cannot circumvent and completely hinder initiated business process. One of the major barriers between the private and public sectors is the lack of communication and free information exchange, which negatively impacts the private sector and business development. At the local level there is no institutional framework to deepen relationships between local businesses and the public sector. The most significant problem for the representatives of the private sector has been obtainment of the proof of land ownership that has been in their possession for decades but they do not have a document of ownership. Regarding this issue, it is advisable for the state to simplify the registration of the property without documentation confirming the right; in this process, the Municipality can engage and assist. This requires systematic inventory and registration of the land. In addition, there is no regulation for urban planning in the Municipality that complicates and impedes the issuance of construction permits to private businesses in the area. There is a lack of coordination and communication between agencies; business sector officials complain that different agencies often request the submission of the same documents. (See Annex H)

6.7. Skills and Human Capital, Inclusiveness

The Sagarejo Municipality, like other municipalities in the region, suffers from a lack of qualified staff. There is a deficit of specialized staff in both economic directions: agriculture as well as the tourism sector of the Municipality, and the resources available do not meet the needs of the business sector. Along with the development of the business sector, the demand for skilled personnel is increasing. Jobs, such as foreign language guides, veterinarians, mechanics, agronomists, financiers, lawyers, and other specialized staff are highly in-demand. Qualified personnel are needed in all sectors, but due to the relatively low remuneration in the Municipality, there is a skilled and highly-qualified people's outflow into the capital and out of the country. There is also a problem with the exchange of information regarding labor market regulation, in particular, there is no employment agency in the Municipality. Jobseekers search for job opportunities through personal contacts or online resources, and employers, on the other hand, seek employees with relevant skills. Jobseekers in the private sector are registered at various e-employment agencies, such as the online portal www.jobs.ge, where more than 300 people from the Municipality are registered. In addition, this is the third year that the Women's Room has been created in the Sagarejo City Hall, where training and consultations are provided for women and minority groups who lack access to the labor market and its support systems and who want to start their own businesses or work in the private sector.

6.8. External Positioning and Marketing

Sagarejo Municipality, with its geographic location, rich natural resources, an abundance of agricultural lands, cultural sights, is attractive for living and working as well as for investing in agriculture and tourism.

Proximity to the capital and Tbilisi International Airport is strategically important for expanding existing businesses in the Municipality and starting new businesses. The large investments made by the local and central authorities in the field of agriculture and infrastructure development throughout the Municipality in the last 6 years are remarkable; the executed and ongoing projects

in the field of restoration and rehabilitation of cultural heritage sites and various supporting activities make the environment even more attractive and conducive to develop businesses.

In recent years, private and public sector investment in agriculture has increased, resulting in new vineyards, almond and pistachio gardens. Sagarejo Municipality is famous for its wines, including appellation wines, which make the viticulture and winemaking sector even more special. There are famous brand wineries such as “Badagoni” and “Kakhetian Traditional Wine-making” on the territory of the Municipality.

In terms of tourism, with the cooperation of the private and public sectors, the balneological resort in the village of Ujarma has been further developed, which hosts many visitors each year. Every year, local and international visitors’ number to the David Gareji Monastery Complex is increasing, and after the ongoing rehabilitation of Ujarma Castle is completed, in the Sagarejo Municipality another important tourist attraction will be added; the similar potential has Tsiv-Koda area, which is still an undeveloped tourist resource for the Municipality at this stage.

Relations with various international partners are important in raising the popularity of the Municipality. In this regard, last year the Municipality twinned with Širvintos Town Municipality of Lietuva and negotiations on town twinning in other countries are still underway.

7. SWOT Analysis - Analysis of Strengths, Weaknesses, Opportunities and Threats

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. Convenient geographic location (distance from the capital, distance from the international airport, railway and roads of international importance) 2. Rich natural resources (oil, natural gas, mirabilite, sand-gravel, clay) 3. Diverse and developed agriculture 4. Existence of agricultural cooperatives 5. Availability of agricultural technical services in the Municipality 6. Rich cultural and intangible heritage 7. Existence of balneological resort of Ujarma and well-known David Gareji Monastery Complex 8. Abundance of wineries and wine cellars 9. Regulated road infrastructure 10. Increasing tourism trend 	<ol style="list-style-type: none"> 1. Lack of grants and investments 2. Difficulty to penetrate foreign industrial markets 3. Low local budget revenues 4. High level of unemployment and migration 5. Lack of donor organizations in the agricultural sector 6. Absence of tourism infrastructure 7. Scarcity of hotels 8. Absence of a tourist information center 9. Insufficiently arranged infrastructure. 10. Inadequate level of entrepreneurial education. 11. Difficulty in obtaining the proof of the agricultural land ownership 12. Lack of professional staff 13. Absence of startup support programs in the Municipality 14. Low awareness of tourism opportunities
Opportunities	Threats
<ol style="list-style-type: none"> 1. Support the development of small and medium-sized businesses by donor organizations 2. Use abandoned/unused buildings and areas for investment projects 3. Increased investment possibilities in agriculture and tourism sector 4. Increase the quality and quantity of agricultural products 5. Increase the awareness about the local production 	<ol style="list-style-type: none"> 1. Natural disasters 2. Spread of diseases of animals and plants 3. Danger of spreading infectious diseases 4. Degradation of agricultural land

6. Increase use of municipal property by the business sector 7. Increase the income of the local population 8. Increase the volume of tourists and the awareness of the municipal tourism 9. Increase the SME capacities and use of new technologies 10. Increase the access to the finances for local business	
---	--

Discussions with the private sector and partners, and various types of research have clearly highlighted the strengths and opportunities of Sagarejo Municipality that must be addressed to overcome weaknesses. Strengths, including proximity to the capital and the international airport, rich cultural heritage, rich natural and agricultural resources, along with municipal capabilities, such as initiating donor programs for SMEs, utilizing unused buildings and areas through municipal programs, promoting trade relations with neighboring municipalities and regions, supporting coordination of the preferential agro-credit and insurance programs, creating a favourable environment for business start-ups, along with other activities are necessary to be directed so that the weaknesses are overcome.

Activities should be aimed at overcoming the key weaknesses identified through situational analysis: lack of investment and grants in the Municipality, difficulty in accessing foreign industrial markets, low local budget revenues, high unemployment and migration, scarcity of donor organizations in the agricultural sector, absence of tourism infrastructure, lack of hotels, absence of a tourist information center, insufficient infrastructure, inadequate level of entrepreneurial education, difficulty in proving ownership of agricultural land, lack of professional staff, absence of start-up support programs in the Municipality.

8. Vision and Goals

As a result of effective implementation of the activities envisaged in the Local Economic Development Action Plan, Sagarejo Municipality will become an **attractive place to live and work as well as to invest in multi-sector agriculture and tourism**.

The vision is feasible and the desired outcome can be achieved through the joint efforts of local authorities, the private sector, government agencies, civil society and donor organizations.

The **goals** are:

1. Improvement of tourist awareness about the area;
2. Support development of agriculture;
3. Increase private sector's access to finance.

9. Action Plan

The Local Economic Development Action Plan was formulated by the working group of stakeholders. It focuses on promoting local economic development and employment. The Sagarejo City Hall and its relevant structural units (Economic Development and Property Management Office; Legal Service; Infrastructure, Spatial Arrangement, Construction, and Architecture Services; Financial and Budget Office) are responsible for the implementation of the activities outlined in the Action Plan

Thematic block	Main Goals	Activities / Project Ideas	Duration (Start/End)	Involved Partners	Estimated cost (National Currency & Euro equivalent)	Instant Result (Product) Indicators and Targets	Final Result / Indicators and Targets
External Positioning and Marketing	1. Improving tourist awareness	1.1. Info tour for travel agencies, placement of cultural and tourist information banners, placing tourist signs and making booklets, tourist trail marking	02/2020 - 02/2021	Sagarejo Municipality City Hall	4500 GEL 1451 EUR	Conducted "media tour", placed banners and tourist signs, booklets, marked tourist trails	The number of tourists in the Municipality will be increased about 25%, information is available for tourists in the tourist areas, it is easier to travel on tourist trails.
		1.2. Conducting a wine festival	08/2021 - 09/2021	Sagarejo Municipality City Hall/ Business Sector	38000 GEL 12258 EUR	Conducted wine festival	Popularity of locally produced wines will be increased about 40%, number of sold bottles of wine will be increased about 20% and number of investors interested in the wine production sector will be increased about 20%, number of wine tourism stakeholders will be increased about
		1.3 Organize Agro-tourism festival in the village of Udabno	08/2021 - 09/2021	Sagarejo Municipality City Hall	14000 GEL 4545 EUR	Conducted Agro-tourism festival	Popularity of the Municipality will be increased about 20%, interested investors will be informed about local production and investment opportunities, sales of locally produced products will be increased about 15%.
		1.4 Travel to outer Kakheti - Create an image video	09/2020 - 10/2020	Donor organization	2500 GEL 811 EUR	Image video clip is shot "Travel to Outer Kakheti"	Awareness about tourist destinations will be increased about 15%, for both domestic and international tourist market, increased external positioning and investment attractiveness of the

							Municipality, increased tourists' interest, increased tourist flows by 50%
		1.5 Organize a local holiday Garejaoba every year	04/2020 - 05/2020	Sagarejo Municipality City Hall / Business Sector	25000 GEL 8064 EUR	Local holiday "Garejaoba" held	Awareness about the Municipality will be increased about 15%, socio-economic status of the local population will be improved, awareness of local agricultural products will be increased.
		1.6 Participation in local and international fairs, exhibitions, and festivals	04/2021 - 05/2021	DMO, Sagarejo Municipality City Hall	400000GEL 129032 EUR	Participation in exhibitions, fairs, promotion of local products, dissemination of information on tourism opportunities in the Municipality	Increased municipal awareness about the international market, increased external positioning and investment attractiveness of the Municipality, increased investor interest / number of projects implemented in cooperation with neighboring cities, increased number of export-oriented products
		1.7 Arrangement and rehabilitation of access roads to tourist sites, arrangement of the scenic overlook/observation point to Tsiv-Gombori, rehabilitation of Ujarma Castle, arrangement of a tourist complex in Chailuri Castle.	02/2020 - 12/2020	Sagarejo Municipality City Hall, State, Business Sector	100000 GEL 30303 EUR	Arranged roads to tourist sites, the scenic overlook/observation point to Tsiv-Gombori, rehabilitated Ujarma Castle, rehabilitated roads and tourist complex built close to Chailuri Castle and number of tourist facilities arranged	Improved tourist infrastructure, increased flow of tourists, increased socio-economic status of the population, increased investments, improved socio-economic conditions of the population in the Municipality
2. Skills and human capital 3. Land and infrastructure	2.Supporting the development of agriculture	2.1. Raising awareness of agro-sector representatives, (Agronomists, mechanizers) assisting agro-sector through training of specialists in the field (training/workshops)	07/2021-08/2021	Sagarejo Municipality City Hall / Donor	10000 GEL 3030EUR	Training/workshops are held, awareness is raised, people working and employed in the agro sector are trained/ number of training sessions held, number of persons working and employed in the agro sector, the number of participants	Increased qualified staff in the agro sector, increased employment opportunities, increased number of qualified consultants in the agro sector, increased access to qualified consultancy
		2.2 Implementation of measures for the restoration of windbreak /shelterbelt and fighting desertification	02/2020 - 09/2021	REC CAUCASUS	150000 GEL 45454 EUR	Planted rows of trees for windbreak, measures taken to fight desertification	Opportunities for economic and environmental benefits of rural population will be increased, degraded soil condition improved, crop yields increased by 30%

3. Skills and Human Capital Access to finance	3. Increase private sector's access to finance	3.1 Conduct training/workshops for private sector (beginner farmers) representatives to prepare for grant and investment projects	11/2020 - 12/2020	Sagarejo Municipality City Hall	10000GEL 3030 EUR	Conducted training/workshops for private sector representatives	qualification of private sector representatives will be increased, awareness of private sector representatives in grant will be increased and investment projects, volume of private sector's investment in the Municipality will be increased.
		3.2. Educational tour in grant-funded and invested in the processing and storage enterprises.	09/2020 - 10/2020	Sagarejo Municipality City Hall	5000GEL 1515EUR	Educational tours for the private sector. (beginner farmers)	Qualification of private sector will be increased, Awareness of the business sector about grant and investment projects, entrepreneurs' income, grants and investments in the private sector, number of jobs and employment opportunities Number of qualified private sector representatives, number of grants and investments attracted, number of employees in the private sector will be increased.
		3.3 Develop investment opportunities locally by sharing Poland's experience	11/2019 - 11/2020	Ministry of Regional Development and Infrastructure of Georgia and Ministry of Investment and Economic Development of Poland / Sagarejo Municipality/Sagarejo City Hall	45000GEL 14516 EUR	Workshops, training sessions, expert assistance, experience sharing at municipal and regional level	Opportunities for investment at the local level, prepared investment offers and investment packages will be increased by 20%.
		3.4 Organize an International Investment Forum to attract investment	11/2020 - 05/2020	State Budget, Sagarejo Municipality City Hall, Private	50000GEL 15151EUR	International Investment Forum is held	Awareness about the Municipality's investment potential and the number of investments attracted will be increased.

10. Funding Scheme

The estimated budget for activities outlined in the Municipality's local economic development plan is GEL 854,000 (EUR 269 160). From this, the GEL 227 500 (EUR 71165) will be spent from the Municipality budget, GEL 40,000 (EUR 12121) - from the high-level budget, GEL 39,000 (EUR 12188) will

be the share of business and GEL 545000 (EUR 172873) will be donor co-financing, with GEL 2500 (EUR 811) gap in funding. The allocation of funds among activities is consistent with the value of the actions envisaged in the plan and is intended to fulfill the objectives outlined in the plan.

<i>Activities</i>	<i>Estimated cost</i>	<i>Source of funding</i>				<i>Gap in Funding</i>	<i>Notes</i>
		<i>Local budget</i>	<i>High level budget</i>	<i>business</i>	<i>Donors</i>		
1. Conduct "Media Tour" Info tour for travel agencies, place banners on cultural and tourist sites, prepare tourist signs and booklets, mark of tourist paths	4500 GEL 1451 EUR	4500 GEL 1451 EUR					
2. Organize wine festival	38 000 GEL 12 258 EUR	24000 GEL 7741 EUR		14000 GEL 4516 EUR			
3. Organize agro-tourism festival in the village of Udabno	14 000 GEL 4545 EUR	14 000 GEL 4545 EUR					
4. Create an image video clip -Travel to Kakheti	2500 GEL 811 EUR					2500 GEL 811 EUR	
5. Organize the local holiday "Gareja"	25000 GEL 8064 EUR	20000 GEL 6452 EUR		5000 GEL 1612 EUR			
6. Participate in local and international exhibitions, fairs and festivals	400000 GEL 129032 EUR	50000 GEL 16129 EUR			350000 GEL 112903 EUR (DMO)		
7. Arrange and rehabilitate access roads to tourist sites, the scenic overlook/observation point to Tsiv-Gombori, rehabilitate Ujarma Castle, arrange tourist complex in Chailuri Castle.	100 000 GEL 30303 EUR	40 000 GEL 12 121 EUR	40 000 GEL 12121 EUR	20000 GEL 6060 EUR			
8. Raise awareness of agro-sector representatives, assist agro-sector through training of specialists in the field (training/workshops)	10000 GEL 3030 EUR	10000 GEL 3030 EUR					
9. REC CAUCASUS - Implement the restoration of windbreak areas and measures to fight desertification.	150000 GEL 45454 EUR				150000 GEL 45454 EUR (REC CAUCASUS)		
10. Conduct training-workshops for private sector representatives to prepare them for grant-investment projects	10 000 GEL 3030 EUR	10000 GEL 3030 EUR					
11. Provide educational tours in grant-funded and invested enterprises	5000 GEL 1515 EUR	5 000GEL 1515 EUR					

12. Develop investment opportunities locally by sharing Poland's experience	45000 GEL 14516 EUR				45000 GEL 14516 EUR (Investment and Economic Development Ministry of Poland)		
13. Organize an international investment regional forum to attract investment	50000 GEL 15151 EUR	50000 GEL 15 151 EUR					
Total	854 000 GEL 269 160 EUR	227 500 GEL 71165 EUR	40 000 GEL 12121 EUR	39000 GEL 12188 EUR	545000 GEL 172873 EUR	2500 GEL 811 EUR	

11. Indicators and Mechanisms for Monitoring

Internal monitoring of the Local Economic Development Action Plan will be carried out by the Internal Monitoring Group, which will include members of the Municipal Partnership and will oversee the execution of the activities in due time.

<i>Activities</i>	<i>Duration (Start/ End)</i>	<i>Expected Results 1-6 months</i>	<i>Expected Results 7-12 months</i>	<i>Expected Results 13-18 months</i>	<i>Expected Results 19-24 months</i>
1. Conduct "Media Tour" Info tour for travel agencies, place of banners on cultural and tourist sites, prepare tourist signs and booklets, mark tourist paths	02/2020-02/2021	A working group is set up to select tour agencies participating in the Info Tour; cultural and tourist sites in the Municipality have been identified.	For the Info Tour, a target group (representatives of travel agencies and journalists) is formed to find out about less known tourist sites in the Municipality where tourist signs and banners will be placed.	A list of the objects to be visited within the Info Tour is prepared and booklets are made, which include tourist sites on the territory of Sagarejo.	In the framework of the Info Tour, journalists and representatives of travel agencies have visited less-known tourist sites on the territory of the Municipality, booklets are provided to travel agencies and other interested segments.
2.Organize wine festival	08/2021-09/2021	A concept is created to organize a wine festival	Wineries and family wine cellars are selected for the wine festival on the territory of Sagarejo Municipality, which present their own product.	Arrangement of the organizational issues required for the Wine Festival is started	The wine festival is held, where wineries and family wine cellars presented their products.

3. Organize agro-tourism festival in the village of Udabno	08/2021-09/2021	Organizing group is formed, concept of agro-tourism festival was formulated	local entrepreneurs and cooperatives are selected to attend and be present at the festival.	Technical and organizational issues are resolved	The festival is held, local entrepreneurs and cooperatives presented their own products: honey, saplings, dairy products, wine, fruit and vegetables.
4. Create an image video clip -Travel to Kakheti	09/2020-10/2020	A commission to nominate the director of the video clip (through a competition) is formed	With the selected director the vision and strategy of the location and views of the video is formulated. In Sagarejo tourism products and sites are selected to represent both natural as well as cultural sites, as well as ethnic traditions, which will introduce the tourism potential in the domestic and international tourism market.	Video is being shot and edited	A video clip is shot to promote the Municipality
5. Organize the local holiday "Gareja"	04/2020-05/2020	The script for a local holiday celebration is written	The list of participants is presented	Organizational issues for the celebration are being resolved	At the public holiday "Gareja" a concert is held with various participants, competitions in Georgian wrestling took place, respectable and distinguished people in various fields are awarded with the title "Honorary Garejeli".
6 . Participate in local and international exhibitions, fairs and festivals	04/2021-05/2021	A group is formed to participate in local and international exhibitions, fairs and festivals and to deepen cooperation between twinned towns.	Local and international fairs - the group of the attendees to participate in the exhibition is determined	Appropriate materials for the exhibition are prepared	Participation in 2 events
7.Arrange and rehabilitate access roads to tourist sites, build the scenic overlook/observation point to Tsiv-Gombori, rehabilitate Ujarma Castle,	02/2020-12/2020	Project-cost accounting documentation is prepared	Obtained funding from RDPF, MDF, investor is available to arrange tourist complex.	Works in progress	Access roads to tourist sites are arranged, the scenic overlook/observation point to Tsiv-Gombori and the tourist complex on the territory of

arrange tourist complex in Chailuri Castle.					Chailuri Castle is arranged. The hotel is built, catering, tourist board are arranged.
8. Raise awareness of agro-sector representatives, assist agro-sector through training of specialists in the field (training/workshops)	07/2021-08/2021	Trainers and training topics are selected	Agri sector representatives are selected	The training program is prepared	Training-workshops are conducted, 20 specialists in the field are trained
9. REC CAUCASUS - Implement the restoration of windbreak zones and measures to fight desertification.	02/2020-09/2021	Establish a working group to combat land degradation in the Municipality	Research and analysis of the causes of land degradation in the Municipality is conducted	Emergency Plans and Municipal Strategies are developed to combat land degradation	Plants for windbreak zones have been planted and measures to combat desertification are implemented
10. Conduct training-workshops for private sector representatives to prepare them for grant and investment projects	11//2020-12/2020	Trainers and specialists are selected to conduct training-workshops to prepare participants for grant and investment projects	Target group and training topic are selected by invited specialists.	Workshops are being held	Training-workshops have been held. 40 representatives of the private sector are trained
11. Provide educational tour in grant-funded and invested enterprises	09/2020-10/2020	Target group and grant-funded enterprises are selected	Grant-funded enterprises are informed and negotiated on organizational tours to be conducted	Educational tours are being given	Educational tour is undertaken, reference information materials and investments made on the mentioned enterprises are compiled
12. Develop investment opportunities locally by sharing Poland's experience	10/2020-11/2020	Polish experts' visit is planned to share the experience.	The pilot region and the regional group are selected	Workshops, training sessions, experience sharing and expert assistance are being provided at municipal and regional level in preparing investment documents and other information.	Workshops, training sessions, preparation of investment documents and other information are provided.
13. Organize an international investment regional forum to attract investment	05/2020-06/2020	Engagement of a regional group	Potential investment projects within the Municipality are identified in collaboration with the private sector	Involvement in the organizational issues of the Forum	Conducted Forum, promoted current economic potential, existing project proposals.
Total Budget Spend% (estimated)	%	25%	50%	75%	100%