



**Local Economic Development Plan
Ambrolauri Municipality**

Georgia

March2020

Preface from Mayor



Ambrolauri Municipality is a promising high-mountain municipality. The main challenge for the municipality is the migration process and aged population. That is why one of my main goals is to support programs in agriculture, tourism and entrepreneurship to ensure economic development of the municipality and employment of the population.

Geographical location of the municipality, climatic conditions, abundance of natural resources, tourist sites, historical and architectural monuments, relief, diverse ethno-cultural traditions, hospitable population provide special conditions for growth of investment potential. Therefore, using all available resources, I will spare no effort to make Ambrolauri municipality attractive to representatives of different sectors of society, both for investments and for life and leisure.

The present Local Economic Development Plan is based on the real needs of our population. Joining the aforementioned EU Initiative (M4EG), the self-government of Ambrolauri municipality expressed its willingness and commitment to cooperate in order to share the experience of our partner countries. I hope that this cooperation will be a guarantee for us to strengthen our local economy and to succeed.

I would like to express my commitment to be personally involved in the implementation of the Local Economic Development Plan to facilitate proper and effective implementation of the planned activities.

Best regards,
Mayor of Ambrolauri Municipality
Zviad Mkheidze

A handwritten signature in blue ink, which appears to read 'Z. Mkheidze'. The signature is stylized and fluid, with a long horizontal line extending to the right.

The document is public and available to all interested parties. To receive a copy, please contact:

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1. Executive summary

The present document is a Local Economic Development Plan of Ambrolauri municipality elaborated within the framework of the EU initiative “Mayors for Economic Growth” with the equal involvement of local public, private and civil sectors. The plan identified key economic trends based on the best European practices and approaches, aimed at the growth of the private sector to ultimately promote local development and employment.

Ambrolauri municipality is home for 12,000 people, whose average age is higher than the average of the country. Its economy is mainly focused on agricultural production and is away from the sales markets. The wines produced in the viticulture micro-zones of the municipality are widely known outside of Georgia. All settlements of the municipality have the status of the high-mountain settlements. In the context of the particular focus of the government to the settlements with the status of high-mountain settlements and additional support programs, the municipality formulated the economic development vision taking into account its strengths and potentials, which means transformation of Ambrolauri municipality into European style municipality famous for the unique traditional wine-growing. To make this vision a reality, the municipal authorities, local business and civil society have set the following goals: support of local business development; promote agricultural development; promote tourism development.

To achieve this goal, the municipality plans to implement the following activities for the next two years: ensure access to the local products; create a business relations officer position; manufacture environmentally friendly local products; disseminate information on agricultural plots of land in the municipality; prepare tourist routes; conduct information tours; conduct trainings for tourism representatives.

The estimated budget for the activities under the Local Economic Development Plan of the municipality is GEL 351 706 (EUR 102,000). GEL 229 000 (EUR 66 470) will be spent from the municipal budget for the activities within the action plan. 48% will be spent on achieving the first goal, while 39% will be spent on tourism promotion.

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3.2 Abbreviations

M4EG –Mayors for Economic growth

LED –Local Economic Development

LEPL–Legal Entity under Public Law

SWOT analysis- analysis of strengths and weaknesses, opportunities and threats

NAT –non-auction tender

NE(NC)LE - Non-Entrepreneurial (Non-Commercial) Legal Entity

E-document - automated electronic case management system

MMS-municipality management system

4. Introduction to Plan

On May 14, 2019, Ambrolauri municipality under the signature of the Mayor joined the EU initiative "Mayors for Economic Growth", thereby creating a prerequisite within the M4EG initiative to promote partnerships between the local municipal authorities, the private and the civil sectors for their activities in terms of economic development focusing on growth and job creation, partnerships with business and civil society, sustainable and inclusive growth and development of the local economy.

It should be noted that no such a document has been developed in the municipality so far. It is not comprehensive and cannot replace other plans that exist in the municipality. This plan is in line with the four-point development plan of the country, Socio-Economic Development Strategy of Georgia 2020, Racha-Lechkhumi and Kvemo Svaneti Region 2014-2021 Development Strategy, Integrated development program 2020-2022 of pilot regions.

Most of the activities under this plan will be financed by the local budget, and this funding will be envisaged in 2020-2021 municipal budget, with the remaining sources of funding being the state budget, donor organizations and the private sector.

Ambrolauri Municipality is located in the northern part of western Georgia, on the southern slopes of the Central Caucasus and belongs to the high-mountain zone. From the north-east it borders with Oni municipality, from the north-west with Lentekhi and Tsageri municipalities, from the south-west with Tskaltubo municipality (Imereti region), from south with Tkibuli municipality (Imereti region) and from south-east with Chiatura and Sachkhere municipalities (Imereti region).

Distance from the center of the municipality to the state border of the Russian Federation is 79 km, to the nearest railway station (Tkibuli) 39 km, to the nearest railway junction (Kutaisi) 72 km, to the nearest port (Poti) 170 km, to Tbilisi 280 km. The total area of the municipality is 1142 sq. km, which comprises 1 city and 69 villages, where 13.5 thousand people are registered, 10.6 thousand of which are permanent residents. The number of population of the municipality has declined by 9.4% in the last ten years, though it has been relatively stable over the last two years. 80.5% of the municipality population lives in the rural areas (see Map, Table N1 and Diagram # 1 in Annex D).

In Ambrolauri municipality, there are various programs supporting business and agricultural development ("Produce in Georgia", "Plant Future", IFAD, FAO etc.), which have contributed to the growth of the number of enterprises in the municipality and business development. Also, in terms of infrastructure, construction and renewal works are carried out intensively (outpatient clinics, educational institutions, parks, roads, etc.).

5. Process of Local Economic Development Plan Development

The process of elaborating the Local Economic Development Plan was carried out in accordance with the methodology of the "Mayors for Economic Growth" initiative. By the order of the Mayor of Ambrolauri municipality, a working group and local economic development partnership was set up for the elaboration of the LED plan, which was composed of private sector (1 representative), civil society (1 representative) and local self-government representatives (10 persons). 5 of them are women, 7 are men.

During the development of the plan, various sectors and sub-sectors of the economy were analyzed. Gender balance was taken into account when organizing the polls. The M4EG initiative and concept, different parts of the plan were introduced to the community and stakeholders of the municipality during the development of the plan. Discussions were held with business and civil society representatives about the strengths and weaknesses of the municipality, the opportunities and threats, vision and goals, activities required to achieve them. It is noteworthy that some representatives of the business sector were in a nihilistic position in the working process, and some actively cooperated (see protocols and attendance registries in Annex B and Annex C). The process of developing the plan was influenced by the spread of COVID-19. The last part of the consultations and working process was conducted in the online mode with various economic and social groups (entrepreneurs,

civil society representatives, youth, education sector representatives, persons with disabilities, sportsmen, etc.).

6. Local Economic Analysis

6.1 Analysis of Local Economic structure: The local economy of the municipality is mainly represented by agriculture (livestock breeding, viticulture), industry (energetics, processing), services and trade spheres. Of these, agriculture has the strategic importance, traditionally in the fields of viticulture and livestock breeding, and partly in grain-growing and beekeeping. High quality industrial vine varieties are native aboriginal "Alexandrouli" and "Mujuretuli", they naturally give the original, semi-sweet, well-known "Khvanchkara", which can be called the face of Georgian winemaking and is widespread in Ambrolauri municipality. These varieties are included in the standard assortment of the most valuable wine varieties of Georgia. Accordingly, Ambrolauri, with its unique "Khvanchkara" micro-zone, is one of the most important bases of Georgian winemaking. Noteworthy are the crops of walnut cultures, Rachuli walnut is quite popular and recognizable throughout the country, but due to the depreciated and untended plantations, the crop is minimal, the cooperative Velishiori, within the framework of the project "Plant Future" promotes the cultivation of walnut trees, which will significantly facilitate the development of walnut trees in the villages. In terms of activities to be undertaken in agriculture, it will be a significant innovative challenge if Ambrolauri municipality organizes a demonstration plot of land for one-year autumn crops breeding and selection.

Livestock breeding in the municipality is mainly represented by cattle and therefore livestock breeding has a tendency to produce meat and milk. Meat and dairy products made in the municipality are environmentally friendly, tasty and healthy. In the recent decades, the number of cattle has declined sharply due to low productivity, lack of selection work and unsatisfactory veterinary services, the livestock breeding sector fails to satisfy the current demands. Although all conditions exist for livestock breeding, this potential cannot be fully realized.

Rachuli ham is a kind of business card for Georgian feast. Consequently, pig breeding (farming) was one of the traditional directions of agriculture in Ambrolauri Municipality and remains such today. Since 2017, LLC "Rachuli lori" has been operating in the municipality, which is equipped according to the modern standards, producing Rachuli ham. It is a well-known fact that the highest quality honey in Georgia is in Svaneti and Racha, due to the abundance and variety of nectar trees. About 534 beekeepers own 2946 bee families. The cooperative "Natural Products of Racha" is particularly noteworthy among bee-keeper farmers, which produces honey, bee milk and pollen.

Horticulture in the municipality is poorly developed due to the old plantations and low prices of fruit and is mainly observed in the high-mountain villages of the municipality. The development of this sector has potential, if proper investment will be attracted to build a processing factory. As to taste qualities, fruit harvested in this municipality is ecologically clean.

Sustainable development of agriculture is hampered by a number of problems and challenges whose timely resolution would contribute to the socio-economic development of the population. In particular, the land resources in the "Khvanchkara" micro-zone are not fully utilized, most of the vineyards are depreciated and need replanting. As in the last century the colour of the grape and not the variety were focused on, there are quite a lot of low-quality vines at the territory of the micro zone, there is no perfect mechanism for its extraction, resulting in a deterioration in the quality of the produced wine. The insufficient level of knowledge of the population employed in agriculture in almost all fields leads to the neglect of important agro-technical measures, which negatively impacts the profitability of the sector and in many cases the income from the sale of products is equal to the costs.

Agro-technical measures for the maintenance of vines require improvement. Foreign experiences and achievements have to be implemented, for this purpose large-scale and systematic explanatory work has to be conducted.

After tourism, the municipality has the largest potential for hydro-energy resources. Rich hydrological resources allow for the construction of small and medium-sized HPPs. The main artery is river Rioni, whose tributaries are Krikhula, Znakura, Shareula, Lukhuni, Ritseula and Aski, on which the construction of various power plants is permitted and justified both economically and environmentally. There is only one 6.1 MW hydroelectric power station in the municipality - Ritseula HPP. Full utilization of hydro-energy resources is an important prerequisite for energy independence of the municipality. To optimally utilize hydro-energy resources, works to attract investors should be more activated.

The processing industry holds one of the most important places in the municipality industry, which is mainly represented by fruit and agricultural products processing enterprises. Despite the great potential for the development of fruit processing plants, the municipality is represented by only one processing plant - Geoflower LLC. During 2019 Geoflower LLC produced dried apple and pear, licorice, sweetbrier, dried orange peel, dried lemon peel, dried tangerine peel, dried grapefruit peel, dried plum, sea buckthorn fruit, wild bilberry fruit, which after drying were sent to Germany, to "Martin Bauer" company.

There are 4 wineries in the municipality: LLC Georgian Wine House in Racha, LLC Royal Khvanchkara, LLC Alexandreuli, LLC Khvanchkara and 13 Cellars. In 2018, 1497 tons of endemic varieties of grapes were sold: Mujuretuli, Alexandreuli, Rachuli Tetra - 12 tons and mixture of different varieties of red grapes - 26 tons.

Under the state program "Produce in Georgia", the construction of a fresh water bottling plant was carried out in Ambrolauri, near "Kvabtkri".

The municipality has less tradition and experience in the tourism sector, but due to its natural conditions, it has the greatest potential to develop this sector. By developing an appropriate level of tourism infrastructure, it is possible to attract a significant number of tourists and employ the local inhabitants in the service sector.

Compared to the other tourism facilities, Shaori reservoir has the greatest potential. In case of arrangement of road, natural gas, electricity supply and water communications around Shaori reservoir, the interest of investors will increase significantly and accordingly, the volume of investments. It is convenient to arrange bicycle paths and equestrian tours around Shaori reservoir. In addition, fishing tourism can be developed on Lake Shaori. Within the framework of spatial-territorial planning of Ambrolauri municipality and villages: Nikortsminda, Chrebalo, Tsesi and Shaori, the potential for the development of three main tourism clusters was identified by the experts of various disciplines:

- 1) Mountain-skiing-adventure tourism, which will be territorially concentrated around Chutkhara and Samertskhle mountains;
- 2) Shaori Lake tourist-recreational cluster, which includes the area around Shaori Lake (an attractive tourism attraction at all four times of the year).
- 3) Khvanchkara zone - a cluster of wine and cultural tourism, includes villages of Khvanchkara zone and the area of location of important cultural heritage sites and also envisages the possibility of developing rural tourism.

All three of these clusters and related areas are distinguished by a particularly interesting product, originality and pristine environment. By its nature, it reflects the specific attractiveness of Racha-Lechkhumi-Tsageri and Kvemo Svaneti and emphasizes the uniqueness of this region.

Many historical and natural monuments on the territory of the municipality and (including 103 monuments of architectural value) other antiquities create great tourist potential. There are already four tourist paths in Ambrolauri municipality: Sadmeli-Ritseula tourist path, Nikortsminda-Chelishi tourist path, Khotevi-Skhartali and Zemo Krikhi-Skhvava tourist path.

Excellent nature and environmental conditions, populations of foxes, wolves, bears and chamois, which are common there, allow for the creation of protected areas in Shareula, Aski, Ritseula and Lukhuni valleys, Khikha Mountain, Tarigoni and other alpine destinations. The conservation of unique flora and fauna shall significantly increase the number of visitors to the region, contribute to the development of hunting, horseback riding and other extreme types of tourism. According to preliminary estimates, examination of ski opportunities, relief assessment, snow cover and

accessibility, a successful ski cluster can be arranged in river Ritseula valley, on the southern slopes of the Chutkhara Mountain Massif.

The tourist season here starts in summer and lasts for 3 months. In the municipality there are 8 hotels and 64 family hotels equipped according to the modern standards. The network of family hotels is expanding, trying as much as possible to create the living conditions that will more or less meet the needs of tourists. There is a Tourism Information Center in Ambrolauri.

In Ambrolauri, catering and trade facilities are mainly represented by individual enterprises. Fast food facilities need to be regulated. There are 5 modern restaurants and 8 permanent catering facilities in the municipality. These facilities are poorly equipped and operate at full capacity during summer (see the number of enterprises registered according to the types of economic activities and the distribution of employees by areas in Annex D, Table N2, Diagram # 2).

In 2017, construction of the airport was completed in Ambrolauri. The investment cost of the project exceeded GEL 10 million. In 2019, Ambrolauri Airport served 1866 passengers, which is 19% more than in 2018. The existence of an airport in the municipality will be a prerequisite for significant economic development and progress.

6.2 Local cooperation and networking: Systemic cooperation between the public and private sectors needs to be developed at the local level in Ambrolauri municipality. There is no registered business association that would unite business entities in one or more areas and make their cooperation and activities more efficient. Entrepreneurs establish individual business connections at the level of personal relations, where they share information or experience with each other. There is no structured mechanism or any platform for cooperation and communication in the municipality.

There is some kind of structured cooperation experience in agriculture, which is reflected in the existence of agricultural cooperatives, the development of which is actively supported by a number of state initiatives and international organizations, and on the other hand, there is a need and desire on the part of the agro sector to unite in any way based on common interests. This is why “Racha-Lechkhumi and Kvemo Svaneti agro tourism development association” was founded, which ensures conduct of agro tourism festivals, trainings, providing information to people employed in the sphere of agro tourism about news and innovations, support of people employed in the sphere of agro tourism in terms of participation in festivals conducted by other organizations, establish contacts with foreign and local agro farmers initiative groups, prepare and sell agro-tourism projects and programs, etc. The association actively cooperates with the Agricultural Information-Consulting Center, local government and farmers.

In the agriculture sector there are small cooperatives in the form of associations, but some of them are passive. Farmers fail to meet their obligations and their participation in the union is mostly formal. However, part of work of cooperatives, such as “Racha Natural Products” cooperative, which brings together 534 beekeepers, is active and intensive. Also cooperative “Velishiori”, which unites 5 shareholders. It is necessary to think about the establishment of any kind of cooperation platform between the sectors. This could be a business council of the municipality, or a business association, or a completely different form of cooperation. The key is to create opportunities for cooperation between the public and private sectors on the one hand, and between local business representatives on the other in order to discuss common needs.

It should be noted that the Council of Gender Equality and the Council of Civil Advisers have been established in the municipality with the involvement of representatives of public organizations, which is also important in terms of local cooperation. The municipal government is ready to cooperate with the business and civil society sectors. Also, the local government is in a constant search, to find some friendly-partnership forms through which various barriers between the government and the private sector will be removed, which will have a significant positive impact on both private sector growth and Ambrolauri municipality. This chapter is based on an assessment of the parties involved in the development of the plan (see Annex D, Local Partnership Assessment - Table N3).

6.3. Business-friendly, transparent and corruption free administration: The records management in the municipality City Hall is conducted based on “one stop shop” principle. Documents submitted by mail or physically are registered in the electronic records management system of the City Hall,

the time of document circulation is reduced. Through electronic records management system –e-document– the municipality connects with all government organizations and other public institutions. In the City Hall of the municipality, there is a person responsible for providing public information, who provides public information within the existing term. There is City Hall website, but for the current period it is not fully loaded and functional. There is the Public Relations Department subordinated to the City Hall Administrative Unit, which actively covers the activities carried out with the involvement of the local government through the social network. The City Hall plans to make it easier to receive services in the future. For this purpose, it actively cooperates with the State Services Development Agency of the Ministry of Justice of Georgia. Since 2016, the municipal management system (MMS) has been introduced in the City Hall and services are still added to it to this day. With the help of MMS, the issuance of construction permits, social, healthcare, property management services related to the status of a permanent resident of high-mountain settlement has been simplified and accelerated. An online system of the provision of the above-mentioned services has been introduced, a citizen can also apply to www.my.gov.ge and receive the relevant services. The municipality is constantly trying to improve and make available its services to both citizens and the business sector, it can be said that creating a comfortable, convenient and transparent environment for business is a top priority for the self-government of the municipality. The Economic and Property Management Service of the Municipality City Hall communicates with the business sector and tries to communicate and cooperate closely with them. In case of application of the citizens, the Service shall provide the information available to it on the business development programs supported by the state organizations. However, it should be noted that the business sector has a low interest in cooperating with the public sector, which is probably due to the non-systematic and non-institutional nature of cooperation. As mentioned above, the City Hall tries to promote the development of the business sector through various activities. However, at present these actions are mostly spontaneous. The municipality is considering an approach to develop various business support programs. Also, they try to select forms of cooperation and relations with the private sector, improve communication with them and better inform them about the business support programs of state and donor organizations.

Information about the tenders announced by the City Hall is posted in the unified system of the State Procurement Agency, where all interested persons can submit and find their own tender proposals. The activities of the tender commission are transparent and all decisions are uploaded in the mentioned system. Since 2016, the City Hall announces NAT tenders, which ensures healthy competition between procurement participants, non-discriminatory and equal approach to procurement participants.

Giving away the municipal property with the right of use or its privatization is conducted based on resolution N11 of January 31, 2018 of the Municipality Sakrebulo, through the electronic auction, the data of the property subject to privatization and giving away with the right to use is displayed at the official website of the Service Agency of the Ministry of Finance, and also published in the local newspaper.

All preconditions have been created in the municipal council for the involvement of citizens. The scheduled and extraordinary sessions are also public and everyone can attend them according to the regulations. Also, the sessions are announced in advance by the Sakrebulo's Facebook page. However, the experience of the recent years has shown that the applications and interest of the civil and especially private sector – in the cooperation with the representative body is minimal.

There is a periodical newspaper in the municipality – “Ambrolauri Moambe”, which actively covers the work of the executive and representative bodies. Recently, Radio “Ambrolauri Voice” was launched, which permanently covers the socio-economic, cultural, sports and other events of the municipality. There are no independent media outlets whose existence would to some extent contribute to civic engagement and greater transparency in the activities of the administration.

For information on growth of sectors (sub-sectors) and related challenges, see Table N4 in Annex D.

6.4 Access to Finance: Ambrolauri Municipality has limited financial resources and experience to implement innovative actions and approaches to stimulate business development, ensuring the efficient use of local economic potential. The business sector of the municipality is less informed

about state financial programs (entrepreneurship support program “Produce in Georgia”, rural and agricultural development support programs) than about the banking sector. It is not enough to inform the population about the projects to be implemented by the state structures. As some procedures for using state programs are bureaucratic and often time consuming, the private sector chooses to carry out the activities with its own limited resources. Due to the large number of financial institutions in the municipality, information on financial resources is not scarce and if you are interested, it is easy to find information about the financial resources required for business development.

The branches of 5 commercial banks and microfinance organizations represented in the municipality are located in Ambrolauri and offer various products to those interested in business loans. They issue loans to small business companies and agro-sectors above GEL1000 (EUR294) (different in all banks). Requests for large sums of money are considered in the head offices. Loans in banks are issued for the purchase of fixed assets, as well as for operating expenses and working capital. High interest rate on loans is a heavy burden for entrepreneurial activities and businesses.

The main problem with access to finance is still the lack of information on state programs to support entrepreneurs, grants and assistance from local and international organizations (see Annex “D” Table N5) and the high interest rates of banking and financial institutions.

The business sector of the municipality needs a platform where business representatives will be able to get detailed information about finding and accessing financial resources.

6.5 Land and Infrastructure: In the recent years, along with the development of business, the demand for buildings, land and infrastructure has been growing. The Economic Service of the City Hall identifies plots of land on the territory of the municipality, registers unregistered plots of land in the ownership of the municipality and carries out inventory-taking of the owned buildings. 1628 ha of non-agricultural land, 108 units of buildings are registered in the ownership of the municipality, 92% of which are used by various public institutions. The property owned by the municipality is privatized and office spaces are leased. At this stage, a total of 61 facilities have been given away with the right of use, of which 11 are in the form of rents (leases). Some of the facilities in the municipality are owned by the state, which in case of a justified demand will be transferred to the balance of the municipality, although the process is not so simple and often takes time.

The area of agricultural plots of land on the territory of the municipality is 15 946 ha. Of this, privately owned is 4,879 ha, the rest is the state property - 11,067, its use is as follows: mowing - 2199 ha, pasture - 10949 ha, arable land - 1141 and perennial crops - 1647 ha (see Annex “D” Table N6).

It should be noted that there is a certain reserve of agricultural plots of land in the municipality, which can be used in case of development of farms, which will eventually attract additional funds to the budget (see Annex “D” Diagram # 3). The municipality has insufficient land and the existing agricultural plots of land are low-yielding for some crops. In order to develop the agro-sector, it is important to conduct soil laboratory studies for the rational use of the plots of land and the proper selection of crops. For the information on the needs of the private sector in the field of land and infrastructure, see Annex “D”, Table N7.

There is no business incubator, business-industrial park or science-technology park in the municipality to help those interested in starting and developing innovative businesses. However, the municipality is interested in creating a business-supporting infrastructure.

It should also be noted that the readiness of the municipality in terms of arranging communications and road infrastructure to the maximum possible extent, is an important factor for the private sector.

The management of the municipality plans to create an investment database, where the investment proposals of the private sector will be displayed together with the properties and proposals owned by the municipality. At the same time, it is necessary to increase the access to small office spaces.

6.6 Regulatory and Institutional Framework: Despite the simplification of certain procedures, business representatives and entrepreneurs often express dissatisfaction with the fact that inappropriate rules, regulations and administrative barriers hinder the development of their business activities. Interviews with them revealed several problems that cannot be solved at the local level. As of today, there is no legal framework that would solve the water problem of businesses operating in the villages of Ambrolauri. As you know, the municipality is obliged to provide only the population

with water, and the business representatives pay a huge amount of money to solve this problem, or they cannot solve it at all. In case of unauthorized use of water, the environmental protection may impose a large fine. According to Article 41 of the Georgian Air Code, in municipalities where there is an airport, additional permits are required from the "Union of Airports" for start-ups or for existing businesses in terms of receiving construction permits, businessmen complain about the restrictions imposed by the law on constructions at a certain height above sea level. Although the issuance of permits by MMS (Municipal Management System) has been introduced in the municipality since 2019, which has made services more efficient, there is still a problem with the procedures and deadlines for issuing construction permits, which in some cases are delayed due to the lack of coordination between agencies or insufficient number of qualified personnel. To address this issue, it is necessary to create effective communication channels for local and central government that will make it easier for the entrepreneur to obtain a construction permit.

Another challenge is the complicated procedure for obtaining a license to use state minerals. Simplified procedures would be very useful for the municipality in terms of meeting the needs of the population, as well as cleaning the riverbed.

As in many other municipalities, Ambrolauri municipality does not currently develop small and medium business, tourism development programs and strategies. Also, a marketing strategy and startup support programs should be developed and approved. See Annex "D" in Table N8 for significant administrative problems that business faces.

6.7 Skills and Human Capital, Inclusivity: Compared to the municipalities in the region, the employment rate in Ambrolauri municipality is better. A large part of the active population is self-employed, whose income is unstable and seasonal. However, Ambrolauri municipality, like many other municipalities, lacks qualified staff, which in turn affects the development of the municipality. One of the major factors in the lack of staff is a small number of workplaces and low-paying jobs. Consequently, the local population tries to find the desired job outside the municipality, which can be seen in the migration figures.

This situation is a challenge for the local government and therefore the municipality is looking for ways to help job seekers, which will have a positive impact on the migration of the population in the municipality in the future.

In the conditions of tourism development in the municipality, the demand for the qualified service personnel is high. The demand is for: cooks, financiers, lawyers, construction engineers, plumbers, agronomists, car service specialists, guides with the knowledge of foreign languages and other staff. In fact, there is a demand for qualified personnel in almost all sectors, but due to the low salaries in the local labor market (according to the latest data, the average salary of employees is GEL495) many capable of working and qualified personnel have left the municipality. Most of the young people who receive good education in higher educational institutions no longer want to return to Ambrolauri municipality. There are no training provider organizations in the municipality.

Employers are mainly registered in the electronic system available on the basis of the Social Service Agency www.worknet.gov.ge, where 2061 people are registered from the municipality, no information about their job satisfaction is available. Applicants for employment are looking for vacancies through personal contacts and the internet. Against this background, the municipality can allocate space on the administrative website and create a platform for job seekers and employers, where it will be possible to post information on employment news in Ambrolauri municipality free of charge. It is also necessary to establish a body in the municipality that will ensure simultaneous cooperation of the local business and vocational training center. College "Erkvan" operates in Ambrolauri, where three vocational education programs are currently being taught. These are: 1. electricity; 2. accounting; 3. support of information technology. This college plans to add other short-term vocational education programs in future.

It should be noted that LEPL State Employment Agency has been established on the basis of the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs of Georgia, which will have 1 representative in the municipality - a career planning specialist. The agency will register the unemployed and find a suitable job for them, which is an important step forward in terms of employment.

6.8. External Positioning and Marketing: Ambrolauri, with its geographical location, nature, climatic conditions, ethno culture and traditions, is a desirable and special municipality for living, working, traveling and investing, that is why it is considered a promising corner for tourists. The municipality, as the center of the region, serves as a distributor of tourist flows.

The survey conducted in the process of development of the local economic development plan revealed that most of the respondents consider Ambrolauri to be a region of winemaking and viticulture and tourism. The municipality has a specific advantage over the unique micro-zones of viticulture and the factor of local production wine and wine brand. In this regard, a particularly large amount of investment has been made in recent years by the private sector in the cultivation of vineyards, as well as in the production of wine and other alcoholic beverages. The municipality is actively working to promote local wineries within the framework of the "Wine Road" project.

Popularization of Ambrolauri tourism potential and awareness-raising are facilitated by Non-entrepreneurial (non-commercial) legal entity "Tourism center", which aims to promote the development of tourism.

Every year in Ambrolauri the public holiday "Pudzeoba" is celebrated, which aims to develop the region, restore, preserve and popularize the Georgian ethnographic heritage. The festival is attended by many Georgian and foreign tourists, which also serves to increase the awareness of the municipality.

There is a growing interest in Ambrolauri municipality from the business sector, which has led to the expansion of family hotels, the construction of private hotels and restaurants, the arrangement of small family and large cellars, etc.

At different times Ambrolauri municipality has established connections with the various EU countries, in the form of cultural and friendly memoranda: 1. Lithuania: Ambrolauri-Vilnius, Ambrolauri-Lazdiai-since 2014; 2. Slovakia: Ambrolauri-Racha since 1968; 3. Sweden: Ambrolauri-Vermland -2000 years; 4. Italy: Ambrolauri-Magrelia - since 2011; all this has a positive impact on the awareness of the municipality.

In order to popularize the municipality and share the experience, the representatives of the local self-government take part in international exhibitions-fairs and festivals. Along with the private sector, a tourist map of the municipality, booklets and videos have been developed.

7. SWOT Analysis

Table 1. SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> Natural gas pipeline; Mobile communication and telecommunication systems and access to the internet; Wine processing plants and great experience in wine-making; High production, energy and recreational potential of water resources; High potential for extracting fir-tree cones; Bank branches, consulting and auditing firms in the municipality; Diversity of historical and cultural monuments, existence of ethnographic heritage, fishing and hunting grounds; Abundance of forest resources in the municipality and biodiversity of forest resources, existence of rich resources of medicinal plants; Shaori reservoir; Different types of mineral resources; Experience in the mining industry. 	<ul style="list-style-type: none"> Difficult relief and low traffic capacity of local roads; Incomplete study of natural resources and high costs of exploration; Poorly developed tourist infrastructure; Peripheral location and long distance to key markets; Weak commercial and basic infrastructure; Seasonal nature of trade; Lack of effective business support infrastructure and services; Absence of marketing strategies and startup-supported municipal programs; Expensive bank loans and lack of alternative sources of capital; Low level of vocational education and qualification of labor resources; Outflow of able-bodied population from the municipality; Non-systemic approach to tourism development; Weak commercialization of natural, cultural and

<ul style="list-style-type: none"> • Mowing resources and potential; • Healthy ecological environment and experience in producing ecologically clean agricultural products; • Unique vine varieties, international recognizability of wine "Khvanchkara"; • An airport in Ambrolauri; • Labor resource training center; • High-mountain settlement status 	<ul style="list-style-type: none"> historical features; • Extremely low level of innovation development, low intensity of use of new technologies, low awareness of the population about advanced technologies; • Scare vineyards and old vineyards; • Lack of agricultural cooperation and farmer associations; • Extremely small number of operating business entities; • Low level of awareness of the investment potential in the municipality; • Low level of public awareness about environmental protection; • Predatory practice of fishing, hunting and collecting plants;
Opportunities	Threats
<ul style="list-style-type: none"> • State programs for raising the professional level of labor resources in the municipality; • Implementation of programs supporting the development of tourism infrastructure in the municipality; • Expansion of the gasification network by the operator and the state; • Propitious conditions for the construction of small hydropower plants in the country • Increasing demand for environmentally friendly products in international, regional and local markets; • Increasing demand for ecotourism in the world; • Investors' growing interest in forest and water resources and minerals; • Increase funding through various state programs for the development of municipal farmers, cooperatives, warehouses and refrigerators, processing enterprises; • Popularization of Rachuli ham and development of initiatives for municipal branding by state structures; • State program to increase access to the internet; 	<ul style="list-style-type: none"> • Forest fires and the spread of the forest pests; • The negative impact caused by the COVID-19 on the number of tourists and investments; • Prevalence of epizootics and plant diseases; • Increasing the undesirable ratio of migration and population age structure in the region; • Reduction of forest fund and degradation of the environment.

Ambrolauri is a municipality with the high-mountain status enjoying the benefits defined by the Law of Georgia on the Development of Mountainous Regions. Forms of traditional and developed economic activities, viticulture micro-zones, which have already become its image, business support programs, developed tourist products create preconditions for economic growth of the municipality provided the challenges and weaknesses the municipality faces today are successfully overcome. Based on the structure of the economy of Ambrolauri municipality, each thematic block and SWOT analysis, the vision of the local economic development of the municipality and the strategic goals shared by the general public were developed.

8. Vision and Objectives

Vision of the municipality - Ambrolauri municipality will be the unique European style municipality famous for its traditional winemaking.

Objectives of Ambrolauri municipality are:

- 1.Support local business development.
2. Promote agricultural development.
3. Promote tourism development.

9. Action Plan

The present action plan has been developed taking into account the interests of the stakeholders. The plan focuses on promoting private sector development and job creation. The municipality and its relevant structural units is accountable and responsible for the implementation of the actions outlined in the action plan.

Table 2. Action plan

Building blocks	Key objectives	Actions / projects ideas	Duration (start/finish)	Partners involved	Estimated costs, national currency (equivalent in EUR)	Output (product) indicators and targets	Outcome (result) indicators and targets
Land and infrastructure	1.Support local business development	1.1. Ensure access to local products	10/2020-12/2021	Ambrolauri municipality	150 000 GEL 43 500 EUR	The agrarian market operates;	Sales of local products are increased
		1.2. Create the position of Business Relations Officer	01/2020-12/2021	Ambrolauri municipality	19 200 GEL 5 130 EUR	Provide 60 Representatives about government programs and grants	Business representatives find it easier to communicate with the municipality
Regulatory and Institutional Framework	2.Promote development of agriculture	2.1.Produce ecologically clean local products	07/2020-08/2021	Ambrolauri municipality; NE(NC)LE Lechkhumi Kvemo agricultural development association	40 000 GEL 11 700 EUR	Participation of 80 farmers in particular festivals, exhibitions and trade fairs/festivals and trade participants/promotion of business	Increased awareness about the municipality; extensive masses are informed about local products; the number of people wishing to participate in the tourist flow/festivals and trade fairs increased; increased number of reference materials;positive dynamics of visitor growth;
		2.2. Disseminate information on agricultural plots of land on the territory of the municipality	09/2020-09/2021	Ambrolauri municipality	5000 GEL 1450 EUR	Agricultural plots of land are registered; Information on "Agricultural pots of land" is displayed on the website	Increased access to information on agricultural plots of land; Increased the use of agricultural plots of land;

External Positioning and Marketing Skills and Human Capital	3. Promote tourism development	3.1. Prepare tourist routes	07/2020-08-2021	Ambrolauri municipality; NE(NC)LE Tourism center	12 000 GEL 3500 EUR	Information about 3 tourist routes has been prepared;	The number of visitors to the tourist infrastructure on the tourist routes increased;
		3.2. Conduct information tours	08/2020-09/2021	Ambrolauri municipality; NE(NC)LE Tourism center;	5 000 GEL 1450 EUR	1 information tour arranged; 5 participants of the information tour	Increased awareness of the tourism places of the municipality;
		3.3. Conduct trainings for tourism sector representatives	09/2020-08-2021	Ambrolauri municipality; NE(NC)LE Tourism center; LEPL College "Erkvani"	3 000 GEL 870 EUR	3 trainings conducted; 5 women, 2 people with disabilities and 5 men representatives of tourism sector trained.	Training participants employed; awareness of job seekers increased/ number of persons with raised awareness and number of persons employed among them increased; increased number of job seekers willing to attend trainings/employment promotion
		3.4. Improve the appearance of the town	31.05.2020-31.10.2020	Ambrolauri municipality;	117506 GEL 34079 EUR	2 parks of the town rehabilitated	The appearance of the town is improved for the residents and visitors.

10. Financing Scheme

The estimated budget for the actions outlined in the Local Economic Development Plan of the municipality is GEL 351 506 (EUR 102 000). For the activities from the action plan GEL 229 000 (EUR 66 470) will be spent from the municipal budget, GEL 92 506 (EUR 26 830) will be spent from the upper level budget. Donor funding GEL 30 000 (EUR 8 700). 48% of the plan budget will be spent on achieving the first goal, 13% on supporting agricultural development and 39% on supporting tourism development.

Table 3. Funding scheme

Actions	Estimated costs	Source of financing			Funding gaps	Notes
		Local budget	Upper level budget	Business		
1. Ensure access to local products	150 000 GEL 43 500 EUR	150 000 GEL 43 500 EUR				
2. Create the position of Business Relations Officer	19 200 GEL 5 570EUR	19 200 GEL 5 570 EUR				
3. Produce ecologically clean local products	40 000 GEL 11 600 EUR	10 000 GEL 2 900 EUR			30 000 GEL 8 700 EUR	
4. Disseminate information on agricultural plots of land on the territory of the municipality	5 000 GEL 1 450 EUR	5 000 GEL 1 450 EUR				
5. Prepare touristic routes	12 000 GEL 3 480EUR	12 000 GEL 3 480EUR				
6. Conduct information tours	5 000 GEL 1 450 EUR	5 000 GEL 1 450 EUR				
7. Conduct trainings for tourism sector representatives	3 000 GEL 870 EUR	3 000 GEL 870 EUR				
8. Improve the appearance of the town	117506 GEL 34080EUR	25 000 GEL 7 250 EUR	92 506 GEL 26 830 EUR			
Total sum	351 506GEL 102 000EUR	229 000GEL 66 470EUR	92 506 GEL 26 830 EUR		30 000 GEL 8 700EUR	

11. Monitoring indicators and Mechanisms

Under the Action Plan for Economic Development, an Internal Monitoring Committee will be set up to oversee the implementation of these actions within the specified timeframe. The committee will keep the balance of participation of the gender, public and private sectors.

Table 4. Monitoring indicators and mechanisms

Action	Start-finish	Expected results months 1-6	Expected results months 6-12	Expected results months 12-18	Expected results months 18-24
1.Ensure access to local products	10/2020-02/2022		Necessary documentation prepared, funding for market rehabilitation attracted	Rehabilitated of one agrarian market	Number of tradesmen using the agrarian market
2. Create the position of Business Relations Officer	03/2020-02/2022	15 Business representatives find it easier to communicate with the municipality	15 Business representatives find it easier to communicate with the municipality	15 Business representatives find it easier to communicate with the municipality	15 Business representatives find it easier to communicate with the municipality
3. Produce ecologically clean local products	06/2020 -08/2022	27 Small family-type cellars and 52 farmers which will participate in the exhibition selected and groups of participants formed	Selected groups will take part in the exhibition, the presented cellars and ecologically healthy products will be popularized and sold.	27 Small family-type cellars and 53 farmers which will participate in the exhibition selected and groups of participants formed	Selected groups will take part in the exhibition, the presented cellars and ecologically healthy products will be popularized and sold
4. Disseminate information on agricultural plots of land on the territory of the municipality	09/2020-09/2022		Property identified and registered; necessary documentation prepared	Property identified and registered; necessary documentation prepared	The described property transferred to the balance of the municipality; lease documentation prepared
5. Prepare touristic routes	07/2020-08/2022		The location was selected for the tourist route and the area was prepared for the works; equipment and labor were mobilized; tender announced	Repair and reconstruction works have started on 3 touristic routes; 3 touristic paths arranged according to state standards	The paths marked according to state standards; various information indicators and signs posted; the tourist path solemnly opened and the first visitors received
6. Conduct information tours	06/2020-09/2022	Preparatory work began for the information tour to be conducted	Organizational works carried out; the place and date of one info-tour planned; information tour held with the invited tourist organizations	Preparatory work began for the information tour to be conducted	Organizational works carried out; the place and date of the info-tour planned; information tour held with the invited tourist organizations
7. Conduct trainings for tourism sector representatives	09/2020-08/2022		Training topics and target groups selected, training program developed,	Training topics and target groups selected, training program developed,	Training topics and target groups selected, training program developed,
			One working meeting was held, 5	2 working meetings were	Working meetings were held, 12 participants trained

