



**Regional Development Programme
of Georgia
2015-2017**

Table of Contents

Chapter I. Foreword	3
1.1 General Provisions and Programme Adoption Principles	3
1.2 Programme Structure, Methodology and Vision	3
Chapter II. Current Situation Overview– Economic and Social Conditions	6
2.1 Geographic Location and Natural Resources	6
2.2 Population and Demography	7
2.3 Physical Infrastructure	8
2.4 Environment	11
2.5 Economic Structure and Indicators	13
2.6 Labour Market, Education and Training	17
2.7 Investments, Innovation and Technological Development	21
2.8 Income and Poverty	23
2.9 Cultural and Recreational Resources	25
Chapter III. The Development Needs of Georgia’s Regions	27
3.1 Introduction	27
3.2 SWOT Table	28
3.3 Key Needs	29
Chapter IV. Institutional and Policy Context	34
4.1 Institutional and Policy Context in Georgia	34
4.2 International Agreements and Foreign Funding Sources	37
Chapter V. Programme Targets and Priorities	40
5.1 Introduction	40
5.2 Overall Objectives	40
5.3 Specific Objectives	40
5.4 Priorities	41
Chapter VI. Programme Measures	44
2015-2017 Regional Development Programme Guideline Form for Supporting the Monitoring of the Programme (Annex №2)	53

Chapter I. Foreword

1.1 General Provisions and Programme Adoption Principles

The 2015-2017 Regional Development Programme of Georgia (hereinafter – the Programme) is a medium-term governmental document specifying the main goals and objectives of Georgia’s Regional Development Policy and its relevant priorities and measures. It also defines the necessary conditions for the balanced and sustainable socio-economic development of the country’s regions.

Regional Policy, in terms of programme implementation objectives is a combination of purposeful measures concentrated and coordinated at regional level, focusing on development needs and priorities and therefore on the result-oriented allocation of resources to ensure sustainable regional development of the country.

The Programme was prepared in pursuance with the Decree №1315 of Government of Georgia from September 10, 2013 with the intense involvement of relevant Ministries and the Government Commission on Regional Development.

At the same time, the development and implementation of the Programme is of vital importance within the framework of ongoing and planned cooperation between the EU and Georgia including the Budgetary and Sector Policy Support Programme. It is even more important that the Programme’s development and its efficient implementation comply with the Association Agreement and the implementation objectives of the Association Agenda’s relevant provisions.

The approach reflected in the Programme is much more complex and coordinated than it was before, requiring more cooperation and engagement of those ministries and state institutions whose activities may have an impact on the regional development of the country.

1.2 Programme Structure, Methodology and Vision

The Regional Development Policy along with key Priorities (Chapter 5) and respective Measures (Chapter 6) necessary for its implementation are set out in the Programme. They are preceded by an Overview of the Current Situation on regional development (Chapter 2) and accordingly identified Key Needs (Chapter 3). Annex 2 to the document contains a specific guideline form for supporting the monitoring of the implementation of the Programme priorities and measures.

Hereby, two general yet very important issues should be given due consideration:

1. The starting point for the first stage of the Programme’s development was the State Strategy for Regional Development of Georgia for 2010-2017 (SSRD). However, the circumstances - the wider context of Georgian policy and politics - have significantly changed and evolved since the adoption of that strategy that logically led to the development of a new Programme being in compliance with new realities and approximated more with the respective programming standards of the European Union. More specifically, there were the following circumstances:

The election of new government as a result of Parliamentary elections in late 2012, was followed by the adjustments of policies of previous government both at general level (e.g. Basic Data and Directions for 2013-2016) and for specific fields and sectors (e.g. agriculture, education - including

vocational education, healthcare and employment.). Most importantly, the elaboration of a new regional and local development policy has been initiated in the context of a new national policy for the economic development of the country.

Further development of Georgia's international relations has been embarked with very important achievements. Specifically, important negotiations over the Association Agreement were completed between the EU and Georgia in 2013 allowing the parties to initial the Association Agreement at the Eastern Partnership Summit in November 2013 and to sign the Association Agreement in June, 2014. Moreover, following the adoption of SSRD in 2010 (reflecting analysis of 2009 and earlier), regional development strategies for all regions of Georgia were elaborated. Each regional development strategy was approved by the relevant Regional Development Council and the Government Commission on Regional Development of Georgia and later (in September, 2013) was approved by the relevant government decrees. Such "bottom-up" results of planning required their proper consideration and reflection in the new Programme.

In addition, the Ministry of Regional Development and Infrastructure of Georgia, together with the National Statistics Office of Georgia (GeoStat) and other Ministries, has been working on the identification, collection and presentation of regional development related data in 2013-2014. These works and appropriate data allow description of regional disparities more accurately (unlike the SSRD preparation period, when such data were not available) and which were required to be considered in the Programme.

2. The issue that had to be considered in the Programme is the broad objective of regional development policy. This Programme is based on, and largely in line with, the EU Cohesion Policy experience of recent decades (aimed at the reduction of disparities between regions). This policy was significantly strengthened in the 1990s to provide assistance to weak member states and later was applied to meet the needs of new member states.

At the same time, it was important for the Programme to reflect - at least partially - on the Competitiveness Growth Policy as of the means achieving such cohesion and as of the means addressing the broader development needs. In the course of developing the Programme, these approaches have been considered as compatible with each other since in many instances, identical activities may address both policy concerns. . In future, whilst emphasizing the difference between these two approaches or using them in combination, necessity of some further clarification – which approach better serves the purpose of regional development in a particular period - might be needed. Generally, this Programme is tailored to Georgia's specific needs to a maximum extent and - provides response to the most critical, primary and immediate needs of its regional development. Georgia, compared to all EU member states, is less developed, therefore, to ensure development of basic infrastructure and stable services, using more resources than it is necessary for other EU countries is recommended (for both reducing disparities and increasing competitiveness).

Often, especially in small countries like Georgia, the competitiveness issue is managed more at national level, and, although relevant policies are duly supported at sub-national levels as well, priorities and measures of this particular Programme are more focused on the reduction of disparities and only partially, on increasing the competitiveness of the country and its regions. This is not, in

any way, to suggest that competitiveness agenda for regional development is under-prioritized for the coming years.

A whole number of complex challenges and long-term vision of adequate responses have to be highlighted, namely: the most important and increasing factors of economic development are such complex services of business support as - research promotion, introduction of new technologies and innovations. This is also essential for bridging the gap with more developed nations and regions of the EU. It is important that Georgian regions emerge as key players for determining overall national success given that externalities and increasing returns - main drivers of growth and economic development - arise exactly at regional and local levels. Herewith, since 2002, the European Council has considered the Competitiveness Policy as the key macroeconomic instrument allowing citizens' aspirations to be met not only via equalization policy, but also through knowledge-based, high efficiency economic development both at national and sub-national levels.

Chapter II. Current Situation Overview – Economic and Social Situation¹

2.1 Geographic location and natural resources

Map1. Location of Georgia



Georgia is located between the Black Sea and the Caspian Sea and is comparable in area to the Irish or Czech Republics. Historically, it has been an important crossroad for international trade and still is a significant corridor for oil and gas transit. The Baku - Tbilisi – Ceyhan oil pipeline and the South Caucasus gas pipeline go across southern regions of the country and play an important role in Europe’s Energy Security Policy. In addition, the planning and implementation of new projects to transport energy resources in an east-west direction through the country is quite promising.

The border with Russia to the north runs along the Greater Caucasus mountain range, with a height of 5000 meters. The southern border that separates the country from Turkey and Armenia lies on the Lesser Caucasus and the Javakheti Upland. The Greater Caucasus has always been a symbol of national and cultural identity. Moreover, the Caucasus Mountains offer hydroelectric and wood-forest resources as well as tourist potential.

The western boundary of Georgia is formed by the Black Sea coast, while in the east the country is bordered by Azerbaijan. In spite of the fact that during the last century, the large part of lowland forests was cut down due to rural and urban development, 40% of the total area of the country is still covered by forests.

Georgia has important hydro-energy resources (that meet most of the overall energy requirements of the country). A variety of mineral waters in different varieties are also available, some of which are internationally recognised and are notable for successful commercial usage. At various times manganese, copper, gold, silver and iron have been successfully obtained in Georgia.

¹ Except for primary data collected from various sources, other sources are also used in the diagnostic part of the document. The following are particularly important: 1) Urban Sector Strategy: “Georgia's evolving urban system and its challenges” prepared by the World Bank in 2013 and 2) “Report on Regional Disparities in the Republic of Georgia” prepared by the International School of Economics at Tbilisi State University (ISET) within the framework of EU Technical Assistance Project.

2.2 Population and Demography

Since the country gained its state independence in 1991 the population growth rate has changed dramatically due to acute political conflicts and economic crisis. (See below diagram 1.1). Population reduction was largely caused by migration. Georgia lost around 20% of its population in 1990-2005. The biggest loss was recorded in 1993-1997 when the Georgian population decreased by one million. However, according to National Statistics Office of Georgia, as of 2002 the population of Georgia began to grow again and reached 4.5 million by 2014.

During the 1990s the population decreased in all regions of the country, but this process was more evident in mountainous regions, mono-industrial cities and in towns with large proportions of ethnic minorities (Armenians and Azeries).

After gaining independence, quite a large number of refugees and internally displaced people appeared in Georgia due to political tensions and armed conflicts. According to the Ministry of Internally Displaced Persons from the Occupied Territories, Accommodation and Refugees of Georgia, 253 574 refugees, i.e. 85 177 displaced families have been registered by April 8, 2014.

Population density, types and sizes of urban and rural settlements vary considerably in different regions. Plains (which contain main transport routes and the most fertile locations) and the Black Sea coastal area are more densely populated while mountainous regions, especially the Greater Caucasus, are inhabited sparsely.

The most obvious example of uneven distribution is the concentration of a significant part of the population in Tbilisi. More than a quarter of the population officially lives in Tbilisi, and if the surrounding area (including Rustavi and Mtskheta) is taken into consideration the ratio is nearly half.

However, according to official statistics, the regional population distribution has been generally the same since independence. It is possible these numbers reflect data weaknesses, rather than the real situation in regions.

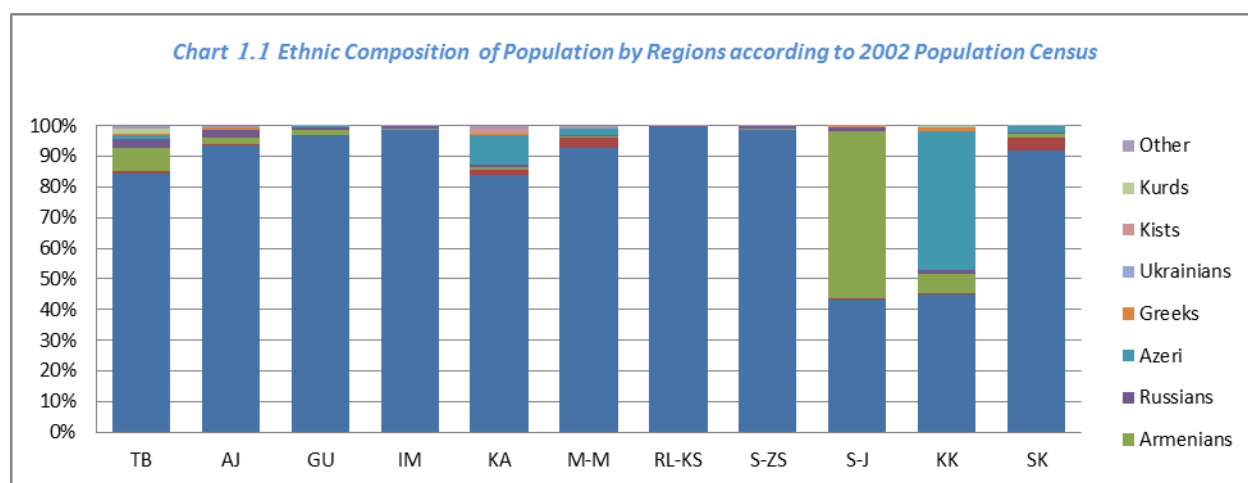
Since gaining independence the most significant changes have been observed in Kvemo Kartli (population reduced from 13% to 11%) and in Samegrelo-Zemo Svaneti. In the latter, the portion of population increased from 9% to 11% (mostly due to large flow of refugees from Abkhazia – there are 50 000 IDP's in Zugdidi alone, that is almost one third of the population of the Municipality). Most of the internally displaced persons have been concentrated in large cities; more than one-third of the total number of refugees lives in capital alone. Other major cities of concentration of IDP's are: Gori, Kutaisi and the neighbouring Tskaltubo.

Over the last decade an annual natural growth of population has been identified in three regions only – Adjara, Samtskhe-Javakheti and Kvemo Kartli – all of which have significant ethnic and religious minorities. In six regions of Georgia (Imereti, Racha-Lechkhumi, Guria, Kakheti, Mtskheta-Mtianeti, Samegrelo-Zemo Svaneti) the number of deaths exceeds the number of births. This partly indicates

the process of population aging caused by exodus of young people from regions. While no systematic data exist for international migration, internal migration figures can be estimated from the Integrated Household Survey (IHS). According to the recent estimates,² 66% of the population above the age of 15 have changed location without leaving the country, 11% of them during the last 5 years. It is well recognised that an influx of internal migrants to the capital has occurred, where the number of new settlers in some districts is around 20% of the residents. At the same time, the amount of population was decreasing in all other big and medium-size cities, as well as in all small ones; this was particularly evident in 1992-2002. However, this influx of population did not compensate for overseas emigration even for Tbilisi.

Another notable factor of migration is that the majority of migrants have always been relatively well-educated residents, both before gaining the independence and after it. Although village-to-city migration has partly compensated for the loss of residents in the capital, this has had an overall negative impact on maintaining the level of qualification and job skills of urban workers.

In terms of the population's ethnic composition, 90% of adults in most Georgian regions are ethnic Georgian. (See Chart 1.1) The main ethnic minorities – Armenians and Azerbaijan - tend to be located in specific regions. The largest share of the Armenian population lives in Samtskhe-Javakheti, while most Azeris live in Kvemo Kartli and Kakheti. 4% of Shida-Kartli's population are Ossetians, while Russians just make up 2% of the Capital's population.



Source: GeoStat. According to 2002 Census

2.3 Physical Infrastructure

Transport

The road network of Georgia exceeds 20,000 km. Common use roads are divided into three categories: roads of international significance, roads of internal significance and roads of local significance. Since January 2007, roads of local significance are the responsibility of local self-governments. At the same time, more than 2000 km of local roads have the status of internal roads.

² ISET Survey, 2013

Efficient management of the road network assets requires correct and up to date data provided by relevant modern systems. Although, information about local roads in the Ministry of Regional Development and Infrastructure of Georgia is available together with appropriate guidance for planning and procurement, their comprehensive update and an indicative assessment of priorities and annual plans for the local network, have not been carried out yet.

The Roads Department of Georgia in the Ministry of Regional Development and Infrastructure annually develops and updates data (Annual Average Daily Traffic (AADT) and International Roughness Index (IRI) for the International and Internal importance Road Network) and prepares 5-year plans in accordance with the Highway Development and Management Model (HDM4). A bridge inventory and planning system has not been introduced yet. The World Bank is financing the development of such a system and the procurement of related field equipment.

Despite significant investments in recent years (especially for roads of international significance), the overall improvement of the road infrastructure requires further efforts – particularly at regional and local levels. Most villages have poor roads, especially in mountainous regions.

There is only a little more than 1,300 km of operating railway in Georgia³. Georgian Railway, managed by a British Company since 2007, plays a relatively minor role in terms of passenger transport, although it is much more important in cargo terms accounting for more than 40% of cargo transport. Since the rail network generally connects the major urban centers of Georgia, the existence of a large, regional gap in supply is inevitable. Railway availability is low in Kakheti despite the large Kakhetian population and no geographic barriers. The Baku – Tbilisi –Kars railway will cross two regions (Kvemo Kartli and Samtskhe-Javakheti) of South Georgia, becoming the main center for international railway transportation to the west and east directions.

There are four active seaports on the Black Sea coast: Poti and Kulevi oil terminal in Samegrelo-Upper Svaneti, Batumi – in Adjara and Supsa oil terminal in Guria. There is not enough information for detailed assessment of the port’s infrastructure impact on regions but according to Gross Value Added (GVA) data, they do have a positive impact⁴.

Table 1.1. Road Supply of Georgia, 2013, km

	International motorways	Internal State Motorways
Georgia - total *	1600.8	5308.3
Tbilisi	52.0**	–
Adjara A/R	54.3	152.7
Abkhazia A/R (including Gulripshi region)	204.0	401.6
Guria	61.8	219.2
Racha-Lechkhumi and Kvemo Svaneti	–	388.3
Samegrelo-Zemo Svaneti	116.1	744.4
Imereti	140.9	795.0
Kakheti	125.0	730.1

³ Georgian Railway

⁴ International School of Economics of Tbilisi, Survey ,2013

Mtskheta-Mtianeti	172.3	460.3
Samtskhe-Javakheti	236.5	286.1
Kvemo Kartli	229.2	657.2
Shida Kartli (including Java region, Large and Small Liakhvi Gorge)	208.7	473.4

* * *Except for the lengths of roads of local importance*

Source: GeoStat

Currently, there are three international airports and one domestic one operating in Georgia. Tbilisi International Airport is the most used. It accounts for 87% of total passenger turnover and is considered as the busiest in terms of international and domestic flights. This inequality is even more evident in case of freight, as according to the LEPL-Civil Aviation Agency 2012 data Tbilisi International Airport accounts for more than 98% of air cargo. However, it should be noted that the majority of small countries like Georgia have just one main international airport.

Water Supply

Despite the fact that Georgia is rich with water resources, providing all ultimate consumers with uninterrupted water service even in recent years is still an urgent problem. In the middle of 2000, 60% of the water pipes were in poor condition causing damage, pollution of drinking water and inconsistencies with sanitary norms. Technical losses were reaching 40%⁵. The situation has improved significantly recently, especially in densely populated areas, due to projects implemented with support from international donors. Water supply and sewerage system, however, need further development. Currently, a little less than 10% of the city population and more than half of rural residents have no central water supply in houses and are dependent on outdoor taps and wells.⁶

Drinking water in Georgia is usually extracted from ground sources. Most Georgian settlements get water intermittently and water tanks are mainly unprotected. As a result, water often fails to meet sanitary standards. By mid 2000, 24-hour water supply was available just for some parts of Batumi, Gori, Samtredia and Tbilisi's population. Water supply was not regular even in Rustavi and Kutaisi. The situation has improved significantly since but water supply remains sporadic even in most urban areas, including big cities, except for Tbilisi.

Drinking water availability varies greatly by regions. According to the GeoStat data of 2012, 97.6% of in-house water supply is provided only in the capital city. The rate is 47% in Kvemo Kartli. Data of Shida Kartli, Samtskhe-Javakheti, Adjara, Guria and Mtskheta-Mtianeti are aggregated and their share is 43.8%. The rate is even lower in other regions. Generally, the capital and urbanised regions have better access to drinking water. Samegrelo - Zemo Svaneti is an exception – in spite of relative urbanisation, most families use wells and not internal or outdoor taps to get water.

Natural Gas/Heating

After independence the widely used district heating systems completely collapsed and gas became the general source of domestic heating. Tbilisi is the only region that has a central gas system almost

⁵ UNECE: Housing Report / Research; Georgia 2006

⁶ Van Breusegem & Abramia 2011,15.

fully installed. In other regions this process is still underway or just about to start. Less than 25% of Georgian households currently have domestic hot water and heating systems, mainly in Adjara and Tbilisi.

Electricity

Georgia has achieved significant success in terms of energy supply after gaining independence. As a result of the public policies for hydro-power development and combating corruption, Georgia has become an energy independent country, indeed becoming being an energy exporter before 2012.

Today in Georgia, more than 92% of consumers are metered. The Ministry of Energy plans to complete the individual meter installation programme by 2015. Therefore, 100% of consumers will be individually metered by the abovementioned date.

Eighty per cent of energy consumption in Georgia is currently being derived from local hydropower sources. Electricity supply and consumption vary seasonally, however. Electricity produced by hydroelectric power plants in summer significantly exceeds the demand while in winter importing of a certain amount of energy becomes necessary.

Telecommunications

Cellular telecommunications in Georgia cover three cellular phone networks of G GSM 900 and 1800 standards and two networks of UM UMTS 2100 standard. The cellular network market totalled about 4 999 000 registered subscriptions in 2013. Based on the same year's data, the cellular phone network covers 99% of the populated area and subscriptions per 100 inhabitants reaches 111.4%.

Number of subscribers of fixed telephone communications in Georgia reached 1.20 million in 2013, and density 94.1%. Phone density is 108.5% in Tbilisi, 102.0% in Kutaisi and 93.6% in Batumi but only 2.1% in Samegrelo-Zemo Svaneti (except for Zugdidi) and 2.9% in Racha-Lechkhumi and Kvemo Svaneti. Switched wired telephony coverage is around 45% overall in Georgia.

The number of internet users in 2013 reached 2,169,129. Fixed Internet access is available just in urban areas while high-speed cellular internet (HSPA+/3.5G) covers only 50% of rural territories. At present, fiber-optical lines cover just the major cities

In the Networked Readiness Index (NRI) of Information Technology Report published by the World Economic Forum, Georgia took the 60th place among 148 countries in 2014.

2.4 Environment

Air Quality

Since 1990, air pollution has reduced dramatically in Georgia due to the closure of many large industrial enterprises. Moreover, in the last decade, despite the growth of economic activity, industrial emissions continued to reduce. There is no exact data on air pollution caused by the construction sector. However, generally it can be said that air pollution is increasing.

Usually, the biggest sources of air pollution in any country are heavy industry, transport and energy. All of these activities, particularly heavy industry are geographically concentrated, resulting in regional disparities in the end. It is not surprising, therefore, that due to stationary sources of air pollution there are significant regional disparities in air quality all around the country.

The major share of air pollution from stationary sources in Georgia is in Imereti and Kvemo Kartli, while Shida Kartli and Adjara play a less powerful role. Most of the pollution is caused by a particular factory in a particular city. Half of the total pollution flow from stationary sources is produced in just three cities: Zestaponi, Rustavi and Kaspi. According to the Ministry of Environment Protection and natural Resources of Georgia (2010), the main sources of emission of harmful substances to air are the ferroalloy plant in Zestaponi, the fertilizer plant in Rustavi, the oil terminal in Batumi, the power plant in Gardabani and the cement factories in Kaspi and Rustavi.

As in most other countries, the main mobile source of air pollution in Georgia is road transport. The pollution level from road transport depends on the number of vehicles, their types and condition, fuel type and quality, traffic flow management, and natural ventilation conditions. According to 2010 data, there were more than 800 000 active vehicles in Georgia (41% of which are concentrated in Tbilisi), 82% of them are more than 10 years old and in poor condition, causing increased emission of toxic air pollutants.

Sanitation and Sewerage System

Before 2000 about two-thirds of the Georgian population was served by sewerage systems and municipal treatment plants in 45 cities. Most of these sewerage systems reportedly were in poor condition, resulting in significant pollution of downstream water resources.⁷ According to the 2004 data of the Organization for Economic Cooperation and Development, by 2003 wastewater treatment facilities were available in Tbilisi and Khashuri only, Batumi and Sachkhere biological treatment plants were activated in 2014. The situation is even worse outside big cities. A sewerage system is simply not available in rural areas of any region. This situation is more or less different in all regions of Georgia.

Solid Waste

There are no accurate figures about the quantity of solid waste in the country. Presently most of the municipalities cannot ensure collection of household waste from villages. Accordingly it is impossible to depict the real amount of generated solid waste in figures on the territories of municipalities. Neither is information available on the collection and re-processing of waste. According to a recent survey⁸ one-third of solid waste is collected and placed on municipal landfills and the rest goes to unmanaged, spontaneously created landfills. There are few possibilities for collecting and processing of waste for re- processing purposes. Only a few small- scale waste processing plants (composting, plastics, glass, paper and other processors) operate in the country.

As for the capital city, the annually generated waste is approximately equal to the total volume of waste generated in the rest of the country. In addition, Tbilisi is relatively well provided with the relevant work force and equipment for collecting and placement of waste. However separation of waste at source is not carried out even in Tbilisi. Among the municipal landfills having an Environmental Impact Permit, only Tbilisi, Rustavi, Gardabani and Borjomi landfills meet international standards. Construction of Imereti and Kvemo Kartli landfills in 2014-2017 is agreed

⁷ United Nations Children's Fund, 2012; Organization for Economic Cooperation and Development, 2004

⁸ Clean Up Georgia, 2012

with international financial organisations. Projects for Kutaisi, Telavi, Mtskheta, Akhaltsikhe, Ozurgeti, Zugdidi and Ambrolauri landfills have already been implemented. It is planned that projects will be implemented for the construction of an additional 11 landfills.

Georgia's household, Industrial, medical and hazardous waste management is regulated in accordance with the legislative requirements of various scattered laws and regulations. A framework law on waste management has not yet been adopted. One problem is the absence of statistical data on industrial waste generated by enterprises operating in the country and their management. Moreover, there are almost no data about the amount and composition of industrial waste remaining from industrial activities of 1970-1980s.

Natural Disasters

Natural disasters in Georgia are quite frequent and severe in nature due to the negative impact of complex topography and mountainous terrain, specific atmospheric conditions and human activities. The main examples of natural disasters (floods, landslides, earthquakes, hurricanes, mudflows) significantly affect the country's economy, causing infrastructure damage and danger to human life.

2.5 Economic Structure and Indicators

Overview

There are significant differences in terms of GDP between regions. A similar difference is found between urban and rural areas. Half of the country's total GDP is produced in Tbilisi. In addition, the contribution to GDP of regions with big cities (Kutaisi in Imereti, Rustavi in Kvemo Kartli, Batumi in Adjara, Poti and Zugdidi in Samegrelo) is significantly higher than rural regions, despite their closeness to big cities and highways.

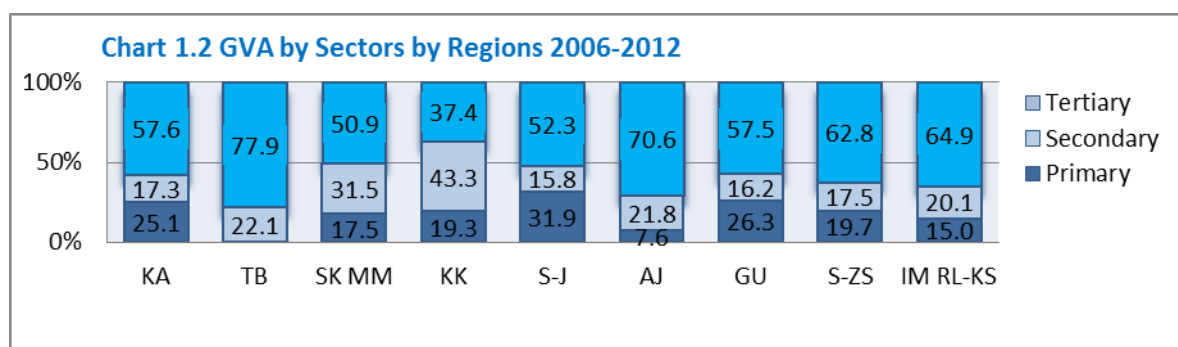
Regions of Georgia are different from each other in terms of economic structure as well. There are 3 major economic sectors: the primary sector of the economy - agriculture, hunting, forestry and fishing; the secondary sector – industry, household production, processing and construction; the tertiary sector – trade, transport and communications, public administration, education, healthcare, social security and etc. (Chart 1.2.).

Tbilisi, the most urbanised administrative unit of the country, does not have a significant primary sector. It is the site of only a small share of the secondary sector but the largest share of tertiary sector. Kvemo Kartli and Shida Kartli have a large share of the secondary sector which indicates that although there is little industrial activity based in Tbilisi, the surrounding regions are very important. Regions having a relatively large share of the secondary sector are the following – Imereti/Racha – Lechkhumi – Kvemo Svaneti, Adjara, Samegrelo and Zemo Svaneti. It should be noted that the National Statistics Office is collecting Gross Value Added (GVA) data recorded at regional level based on the national reports. (Mtkheta-Mtianeti is included in Shida Kartli, and Racha-Lechkhumi-Kvemo Svaneti – in Imereti). GVA data should be interpreted carefully since the exact location of economic activity is often unclear, especially where regions are relatively small and well integrated economically.

The construction sector plays quite an important role in Adjara while transport, communications and public administration are less significant. Samegrelo and Zemo Svaneti have important transport and

communications sectors, largely connected with Poti port. Public administration, education and healthcare services are strongly present in Imereti.

After Georgia regained independence, agricultural production declined; however, it declined less than industrial production, as a result of which the share of agriculture in GDP increased. More recently, the mass privatization of agricultural lands and closure of the Russian market led to a reduction in agricultural production, whereas other non-agricultural sectors (like banking, telecommunications, energy, tourism, construction and public service) have increased.



Source: GeoStat

According to 2013 preliminary data, the nominal GDP of Georgia is 26.8 billion Georgian Lari (16.1 billion USD), and the real growth of GDP as compared to the same period of the previous year amounted to 3.2%. In 2013 GDP per capita amounted to GEL 5 982.6 (3 596.6 USD). According to 2012 data, nominal GDP of Georgia amounted to GEL 26.2 billion (15.8 billion USD).

According to preliminary data of 2013, as compared to the relevant period of the previous year, a significant increase of GDP has occurred in the following sectors: agriculture (9.8%), processing industry (8.4%), real estate operations (7.5%), financial activities (7.4%), hotels and restaurants (7.2%), trade and commerce (5.1%), transport (4.9%), education (4.6%), electricity, gas and water generation and distribution (4.0%).

According to preliminary data of the same year, the following sectors have the largest shares in GDP: trade (17.3%), industrial production (17.2%), transport and communications (10.7%), public administration (10.1%), agriculture (9.3%), construction (6.7%), healthcare and social insurance (5.8%).

Regional Production

Tbilisi, unquestionably, is an economic centre of the country with a population of 1,2 million. A disproportionally large share of economic activity is concentrated in the capital. The share is overestimated though, since regional business activities are often registered in Tbilisi as well. According to the National Statistics Office, regional contributions (except for Tbilisi) in GDP in 2012 only slightly decreased compared to 2006. The only exception was Adjara, whose share increased from 6.1% to 7.4%. The share of production by region over the period 2006-2012 remained relatively unchanged. Adjara was the only exception again accounting for 6.1% of GVA in 2006 and 7.4% GVA in 2012.

According to official information, there are only a few direct indicators currently showing regional

differences outside Tbilisi. GVA's regional division indicates that Tbilisi represents 49.7% of GVA for 2012. Imereti, Racha-Lechkhumi and Kvemo Svaneti Regions are on the second place (11.8%); the third place (8.5%) is taken by Kvemo Kartli (Rustavi and Bolnisi Municipality, with its polymetallic mine and gold production). It is followed by Adjara (7.4%) where significant state investments have been made for the construction of local infrastructure and for the rehabilitation of Batumi City.

It is worth mentioning that three biggest regions of Georgia outside Tbilisi (with total number of residents of 1.6 million people: Imereti, Racha-Lechkhumi – Kvemo Svaneti -704.5 thousand persons, Samegrelo - 477.1 thousand and Kakheti 406.2 thousand persons⁹) based on the 2012 data, produce approximately 43% of the GVA produced in Tbilisi. More than 93% of per capita GVA differences are generally determined by urbanisation levels.

Table 1.2. Distribution of GVA by regions (in current prices, GEL mln)

Region	2006	2007	2008	2009	2010	2011	2012
Kakheti	708.2	789.6	981.8	833.8	973.3	1149.7	1161.3
Tbilisi	5653.9	7009.5	7913.6	7274.3	8472.6	9914.3	11194.2
Shida Kartli and Mtskheta-Mtianeti	773.6	917.1	981.3	906.8	1124.9	1334.6	1337.1
Kvemo Kartli	1228.5	1400.5	1347.7	1325.3	1537.6	1790.6	1917.5
Samtskhe-Javakheti	425.2	454.8	526.7	477.4	562.6	665	646.2
Adjara	738.8	966.9	1224.3	1185.3	1378.9	1621.9	1675.4
Guria	311.9	354.1	326.1	308.6	380.4	437.6	434.4
Samegrelo-Zemo Svaneti	918.2	1047.7	1185.8	1216.3	1359	1509.6	1478.7
Imereti, Racha-Lechkhumi, Kvemo Svaneti	1288.5	1670.8	2034.6	2018.5	2225.2	2551.9	2660.4
GDP in basic prices	12046.9	14611.1	16521.8	15546.3	18014.4	20975.4	22505.3
(+) taxes on goods	1800.6	2454.3	2639.3	2530.9	2834.3	3492.7	3790
(-) subsidies on goods	57.6	71.6	86.3	91.3	105.3	124.1	128.0
GDP in market prices	13789.9	16993.8	19074.9	17986	20743.4	24344	26167.3

Source: GeoStat

Broader consideration of regional economic activity (table 1.3) reveals the difference in significance of agriculture production by regions. Generally, at regional and sectoral level, the highest level of GVA produced in Agriculture is in Samtkhe-Javakheti. This is due largely to the consolidation and commercial orientation of regional production. Products include potatoes, milk and meat products as well as trout with high value added. Income from selling agriculture products is lower in mountainous regions and in more urbanised regions.

⁹ GeoStat: http://www.Geostat.ge/index.php?action=page&p_id=472&lang=geo

Table 1.3. GVA by Regions (%), 2012

	Kakheti	Tbilisi	Shida Kartli and Mtskheta-Mtianeti	Kvemo Kartli	Samtskhe - Javakheti	Adjara	Guria	Samegrelo-Zemo Svaneti	Imereti -Racha-Lechkhumi-Kvemo Svaneti
Agriculture, hunting and forestry, fishing	24.7	0	17.9	17.7	29.2	7.1	27.3	19.6	13.2
Industry	10.6	12.1	23.2	37.6	4.5	7.8	4.2	9	12.5
Food processing	6.6	0.7	4.5	3.5	5.9	3.5	6.8	4.6	4.7
Construction	2.1	11.6	3	2.3	4.5	11.9	1.8	3.8	2
Trade, vehicles, repair of home appliances and personal use items	5.2	27.3	5.2	5.6	5	11.7	3.4	5.4	5.9
Transport and communications	1	17.4	3	1	0.9	6.8	0.6	15.5	0.8
Public administration	13.3	8.5	20.3	11.5	17.8	11.2	9.5	13.6	14.6
Education	8.2	2.1	4	6.6	12.3	6.9	11.2	6.3	9.1
Healthcare and social welfare	7.9	5.6	6	3.3	6.2	7.3	8.1	4.6	8.7
Other services	20.4	14.6	13	10.9	13.7	25.7	27	17.5	28.6
GVA, total	100	100	100	100	100	100	100	100	100

Source: GeoStat

Moreover, agriculture production is also regional in Georgia – regions are specialised by producing specific products. (e.g. wine is produced in Kakheti, potatoes in Samtskhe-Javakheti, citrus – in Adjara). The west of Georgia was mostly known for cultivating Tea and Citrus, while the east was famous for wine and wheat production.

Table 1.4. Share of Largest Regions in Agricultural Production, 2012

Product	%	Region	%	Region	%	Region
Wheat	66	Kakheti	18	Kvemo Kartli	11	Shida Kartli
Corn	28	Samegrelo-Zemo Svaneti	25	Imereti	17	Kakheti
Potato	63	Samtskhe-Javakheti	20	Kvemo Kartli	5	Adjara
Vegetables	30	Kvemo Kartli	28	Shida Kartli	16	Kakheti
Fruit	26	Samegrelo-Zemo Svaneti	24	Shida Kartli	14	Imereti
Apples	56	Shida Kartli	10	Samegrelo-Zemo Svaneti	8	Imereti
Grapes	49	Kakheti	25	Imereti	9	Shida Kartli
Citruces	67	Adjara	23	Guria	9	Samegrelo-Zemo Svaneti
Teal leaves	42	Adjara	31	Samegrelo-Zemo Svaneti	27	Guria
Cattle	22	Samegrelo-Zemo Svaneti	17	Imereti	14	Kvemo Kartli
Pigs	36	Samegrelo-Zemo Svaneti	19	Imereti	12	Kakheti
Poultry	28	Kvemo Kartli	17	Imereti	17	Samegrelo-Zemo Svaneti

Source: GeoStat

Mono-Industrial Cities

In Georgia, as elsewhere, mining and processing of natural resources resulted in the formation of mono-industrial cities. In this regard, the most important were Manganese Ore (Tchiatura), Coal (Tkvarcheli, Tkibuli, Vale), Polimetal (Kvaisi, Kazreti), Andesite (Bakuriani) extraction and Hydro Electro Power (Jvari, Gumatihesi, Zahesi) and thermal energy (Gardabani) generation. Such mono-industrial cities proved to be particularly vulnerable to the collapse of the strongly integrated Soviet economy. Although some of these cities have partially recovered through private investment and government-funded projects no general economic turnaround is evident.

Zestaponi has succeeded in maintaining its population, and quite a large part of its economic/industrial capacity. This is likely to be due to the relative advantage of its geographical location (in the heart of the large Imereti region close to Georgia's second largest city of Kutaisi) along with effective urban management. Rustavi, the biggest Georgian mono-city¹⁰, has had some success in re-generating its local economy. Rustavi benefits from: its proximity to Tbilisi; relatively strong human capital; a convenient location close to Azerbaijan and Armenian borders; and quite successful attempts, in recent years, to diversify its economic activities by introducing new market and administrative services (e.g. a large automobile market for second-hand cars).

2.6 Labour Market, Education and Training

Labour Market – General Overview

The number of employed persons in Georgia decreased by 37% between 1990-2000 (from 2,763,300 to 1,732,700)¹¹. As a result, many large and small-sized cities lost almost a third of their population. This tendency has only partially changed since 2005, when industrial activities started reviving. The labour market of Georgia has continued to worsen in recent years as indicated by a serious drop in the level of employment.

Such a drop is accompanied more by inactivity than increasing of unemployment. Less than two-thirds of working aged population in Georgia is economically active - significantly less than the EU average (70%). Low labour force participation is particularly acute in urban locations, where only 58% of the employable population is economically active.

According to official statistics, a large part of the economically active population is concentrated in rural areas, where the majority of the workforce is employed in agriculture. It is worth mentioning, however, that the calculation method's shortcomings prevent a proper evaluation of existing labour shortages. Cities accounted for about 40% of total employment, while the share of non-agricultural sector employees is less than 50%. Industry and construction employs nearly 10% of workforce. The main component of non-agricultural activity is services, the share of which is more than 35% in total

¹⁰ In fact, referring to Rustavi as a mono-functional city today is somewhat inaccurate. Unlike other regions of Georgia, industry in Kvelo Kartli generates twice as much GVA as agriculture. Four main enterprises: Rustavi Iron Factory, Rustavi Chemical Plant, Heidelberg Cement, and Rustavi and Kazreti Gold Mining are central to the industrial strength of the region.

¹¹ Geography of Georgia 2003:73

employment (According to the National Statistics Office it varied from 35% (2008) to 38.5% (2013) between 2002-2013).

The level of self-employment in Georgia is quite high, especially in rural areas, where all residents were given small plots of land during the land reform in 1990s. Agricultural land owners are considered as self-employed. The importance of this characteristic is proved by the fact that about 700 000 families used the state voucher programme in 2012-2013.

Self-employment is high in cities as well but not as high as in rural areas. The total number of self-employed has increased significantly since 2000. It reached its peak in 2004 and made up two-thirds of Georgia's work force that year. Self-employment rate has started to decline since 2004 indicating improvement of job opportunities in the official sector. However, the majority of employed people remain self-employed in Georgia.

Private sector employment rate remains relatively low. According to the sources used, in 2012 less than half of those employed were in genuinely private companies. (This proportion varies from some 50% in industry, to 66% in market services, to 72% in agriculture.) Most workers (close to 50%) are employed in "privatised" firms where the state in fact remains the major shareholder. Employment in firms fully owned by the state is now negligible (less than 10%).

Labour Market – Regional Disparities

Major regional disparities in the labour market of Georgia are observed between Tbilisi and the rest of the country, although there are some differences among various regions as well (e.g. In Adjara, with shortage of agricultural lands the unemployment rate is twice as high as in Kvemo Kartli region). The most obvious explanation for such disparities can be seen in the urban and rural characteristics of different regions. The official unemployment rate is much lower in rural than in urban areas. The difference reaches approximately 20%. It should be noted that a large proportion of rural employed population is made up of self-employed farmers.

The level of urbanisation has a significant influence on regional unemployment, other than in the case of Imereti. Despite the fact that the level of urbanisation here is the second highest after Tbilisi, the unemployment rate is relatively low, unlike Adjara, where the urbanisation level is almost as high as in Imereti but the rate of unemployment is significantly higher.

The possible explanation for this lies in disparities of economic structure. Tourism and construction account for the large share of Adjara's economy while manufacturing industry dominates in Imereti. Tourism and construction require short-time employment, however, and such jobs are easier to find (less qualified workers are accepted) than permanent employment. It should reduce the number of discouraged workers, as there is a real chance to find a job, even if temporary. On the other hand, it also increases the level of unemployment due to growth of the labour force (determined by the number of employees or active jobseekers).

There is a great similarity between employment levels in various regions. Employment rates fell during the August 2008 war and with the beginning of the global financial crisis and have just slightly increased since then. The only exception was Adjara, where the employment rate has been growing steadily during the crisis. This might be explained by the development of the tourism and construction sectors, as well as by the low level of existing employment in 2008. On the other hand,

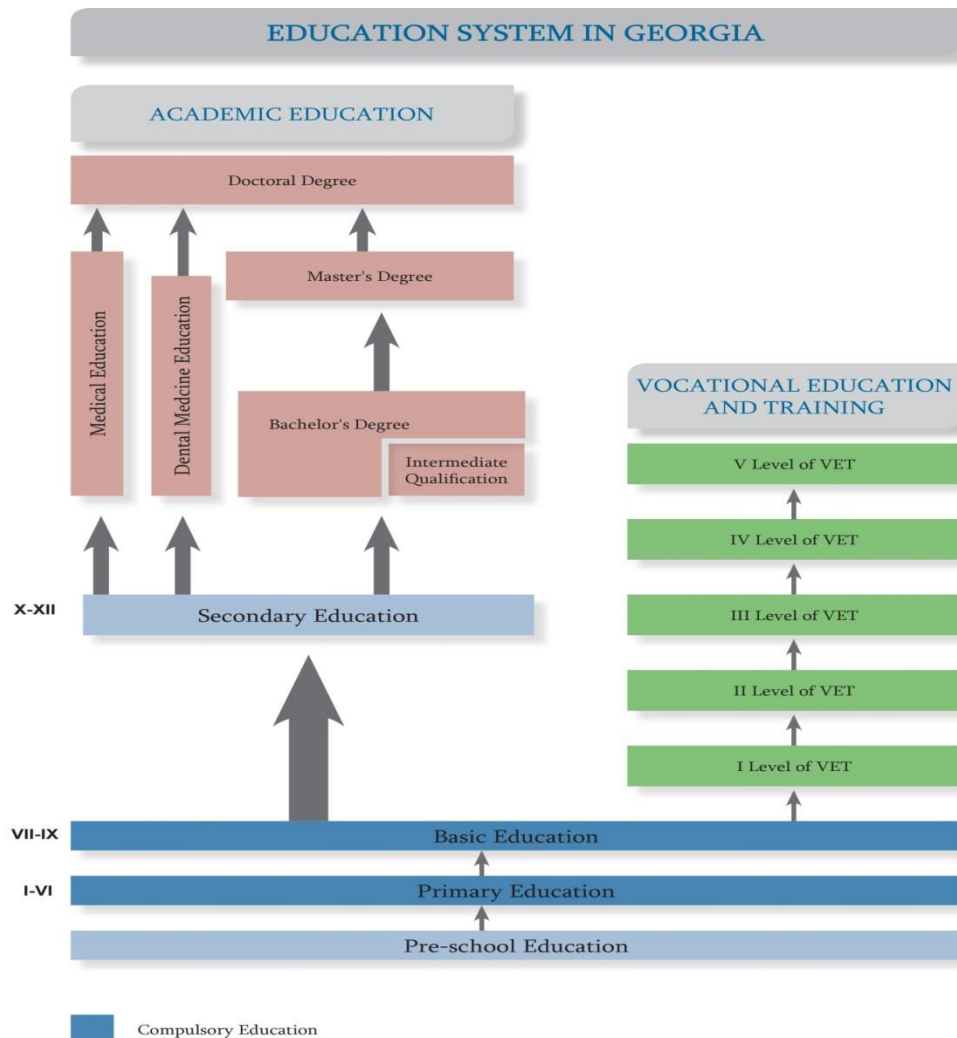
the employment rate in Tbilisi is significantly lower than of any other region of Georgia. In other respects there are no other serious disparities identified among the regions.

Education and Training

There is a significant difference in qualification level by regions. Tbilisi is the undisputed centre for the national higher education system of Georgia with 49 universities (10 public and 39 private) and 5 public professional education institutions, which is more than in the rest of the country. The quantity of students in general educational institutions in Tbilisi is also significantly higher than in other regions. At the same time, the number of schools per 1000 students is fewer than elsewhere. In terms of higher and secondary educational institutions Imereti is the next most important after Tbilisi. Adjara takes third place. There are no universities in either Racha-Lechkhumi or Kvemo Svaneti regions. Despite the fact that the overall proportion of higher-educated population of Tbilisi is significantly higher than that of any other regions, the greater part of the populations of Samegrelo, Imereti and Guria regions has higher education.

It should be noted that the level of education in the two regions of Kvemo Kartli, which includes a number of urban centers, and the rural region of Samtskhe-Javakheti, is lower than average. This appears to be due to the high concentration of ethnic minorities in these regions who are not well integrated either into the educational system or in the labour market. It can also be a result of gradual reduction of population in small and large cities (e.g. Tsalka and Ninotsminda). The structure of education system is given below (Diagram 1.3).

Figure 1.3. The structure of the Education System of Georgia

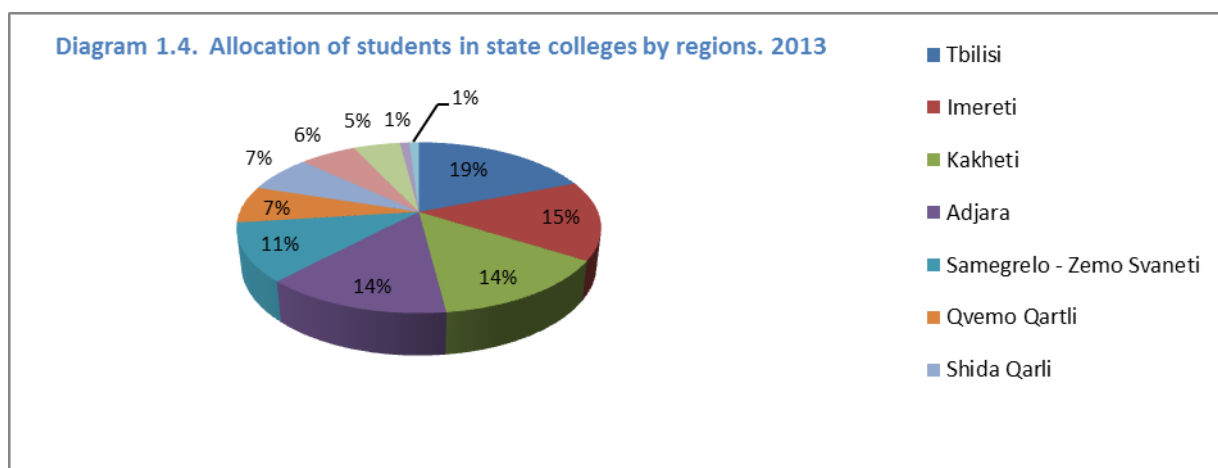


Vocational education is an alternative to higher education. In the 1990s, the vast majority of vocational schools stopped functioning due to economic difficulties, the increased number of vocational and higher education institutions, simplified enrolment opportunities and minimal state funding. At the same time, demand for secondary vocational education grew, since it did not coincide with market demand and was based on prestige and standards. Most of the secondary vocational schools changed their profile during the transition period. Most of them, especially medical ones, were associated with reduced period of study, low-quality education and facilitated enrolment opportunities. Such prestigious professions (specialties) like medicine and law resulted in problems of corruption, low level of education and many other problems as well. Due to the closing of large enterprises and reducing demand for industrial occupations, the State stopped funding such educational programmes on the grounds that those wishing to enter those professions should pay for the tuition themselves. Consequently, the share of paid services in state institutions increased but this process did not become the main form for training of specialists for the labour market because of the inability of the population to pay for it.

Under the implemented reforms and with strong support from international organisations over the

last decade with the purpose of modernisation of vocational education, the Laws of Georgia “on Vocational Education” and “on Education Quality Development” have been adopted. Authorisation and Accreditation Provisions have been enacted; the practice of self-evaluation has been introduced to Colleges; a Qualification Framework and up to 300 professional standards have been approved; new educational programmes have been implemented; training sessions for developing teachers’ professional and specific skills have been conducted; new textbooks have been developed; and physical rehabilitation projects of State Vocational Colleges have been implemented. However, despite these changes, the vocational education system could not provide a significant contribution to the creation of a skilled labour force and failed to respond to the economic and social challenges because of weak social ties, inconsistent political support and lack of allocated resources which created serious challenges for the system itself.

There are only 18 state (co)funded colleges throughout Georgia. Although the Ministry of Education and Science put some investment in infrastructure projects at the expense of decreasing the network of vocational education institutions, these arrangements are not enough to remedy the critical situation existing in regions in terms of availability of vocational education.



Source: Ministry of Education and Science of Georgia

2.7 Investments, Innovation and Technological Development

Investments

According to the World Bank’s “Doing Business” report, radical reforms of the business environment have been implemented by Georgia in recent years. Due to the success of these reforms, Georgia moved from 112th (according to “Doing Business” report from 2006) to 8th place in 2014. In addition, the country received the leading reformer’s status during 2005 – 2012. All of these contributed to foreign direct investment (FDI) and economic growth, reaching 9% annually over the period from 2005 to 2008.

The war of August 2008, however, followed by the global economic crisis, led to a sharp decline in foreign investment, exports, wages and bank loans. During the second half of 2008, the economy contracted by 6.5% while in 2009 this rate became 3.8%. Foreign direct investment has fallen; in 2007 it made up 16.4% of GDP, it fell to 6.1% in 2009. Exports have decreased from 31% of GDP in 2007 to 29.8% of GDP in 2009.

Major international financial assistance and relatively small state debts allow the government to

conduct efficient fiscal policy reforms. As a result, the country has continued economic growth despite facing international challenges. Export growth and tourism receipts contributed to this process in 2010 – 2011.

According to the National Statistics Office, real growth of GDP reached 6.2% in 2012, while it was 3.2% during 2013. (I quarter of 2013 – 2.4%, II quarter – 1.5%, III quarter – 1.4% and IV quarter - 7.1%). Based on preliminary data for 2013, active growth was detected in almost all activities, except for mining industry and construction sector. Significant increase was observed in agriculture (9.8%) and manufacturing industry (8.4%).

According to preliminary data for 2013, Foreign Direct Investment in Georgia amounted to 914.4 million USD- 6% higher than preliminary data of 2012 and 0, 3% higher than revised data for the same year. The largest share of FDI (22%) implemented in Georgia for this period has been in the energy sector (198 million USD). It has been followed by the financial sector – 19% (170 million USD) and transport & communications – 15% (138 million USD).

There are some regional differences in terms of business ownership in Georgia. Based on GVA, most businesses in Kvemo Kartli, Imereti and Samtskhe – Javakheti are owned by foreigners, while in Kakheti and Guria most business owners are local citizens. The picture changes significantly when it comes to employment. For example, despite the fact that foreign business makes up 70% of Kvemo Kartli’s GVA, its share in total employment rate is just 15%. This means that foreign owned businesses in the country are engaged in activities in which the GVA per employee is higher.

Regional differences in terms of labour productivity are observed as well, that could be due to the volume of invested capital per employee (investment volume may be influenced by differences in labour productivity though). It would appear that in specific sectors where productivity is higher, share of per employee investment is usually higher. The sectors include the following: industry – in the capital and Kvemo Kartli, construction – in Adjara, hotels and restaurants – in Adjara and Mtkheta-Mtianeti, Transport and Communication – in Tbilisi, Samegrelo and Zemo Svaneti.

Exhibit 1.5. Direct Foreign Investments (USD, million), 2005-2014, I quarter

Year	Total	I q	II q	III q	IV q
2005	449.8	89.4	105.9	75.6	178.9
2006	1 190.4	146	306.9	280.7	456.7
2007	2 014.8	421.4	401.5	489.1	702.9
2008	1 564.0	537.7	605.4	134.7	286.2
2009	658.4	114	177.2	173.2	194
2010	814.5	166.5	208.3	225.6	214.1
2011	1117.2	209.7	248.3	316.6	342.6
2012	911.6	261.2	217.7	199	233.7
2013	914.4	226.2	232.4	238.7	217.1
2014		259.8			

*Source: National Statistics Office of Georgia. Ministry of Economy and Sustainable Development of Georgia. *2013-14 Preliminary Data*

Technologies and Innovations

A significant part of Georgian products (and exports) do not undergo processing and their value added is lower than that of the EU and other economies. A preliminary analysis of export quality¹² showed that some of the largest export sectors (e.g. chemicals and transport equipment) increased their market share and quality compared with the EU market competitors. Other exports have been less successful, though. For example, the food sector has lost market share despite the improved quality.

A preliminary assessment of technological perfection and quality of “innovation”¹³ shows that the country’s performance is below average (the assessment also revealed some connection between FDI in this field and improved performance. Furthermore, innovation of process is more noticeable than product innovation).

There are no significant regional differences in terms of product/process technology or innovative steps, except for distinctions reflecting general levels of economic activities.

Lack of technological renewal and support to innovation development is obvious in regions of Georgia, as well as old-fashioned technical – technological base, weak production capacity, low labour productivity and the existing development level of other production factors greatly hinder the development of important economic processes in regions. These challenges result from the fact (as well as other factors) that development of the national innovation systems and corresponding platforms fail to get desired results in order to contribute to the country’s overall competitiveness and productivity improvement, if the process is isolated from efficient and synergistic implementation and development of innovation systems at sub-national level.

2.8 Income and Poverty

Difference among per capita income of families within particular regions of Georgia significantly exceeds the difference between regions. However, per capita income in Tbilisi is much higher than in any regions of the country – except for Adjara, Imereti and Samtkhe-Javakheti (per capita income is higher in urbanised regions).

Poverty is still a major problem in Georgia despite the progress towards achieving its reduction, since 2013 particularly¹⁴. In some regions of Georgia poverty is especially severe and requires considerable attention. It is largely caused by unemployment and lack of income from self-employment in urban and rural areas. The global crisis and war with Russia vastly increased the magnitude and severity of poverty. The rural relative poverty rate was 24, 7% in 2009 and reached

¹² Georgia Competitive Industries Technical Assistance Project Information Sheet, World Bank, June, 2013

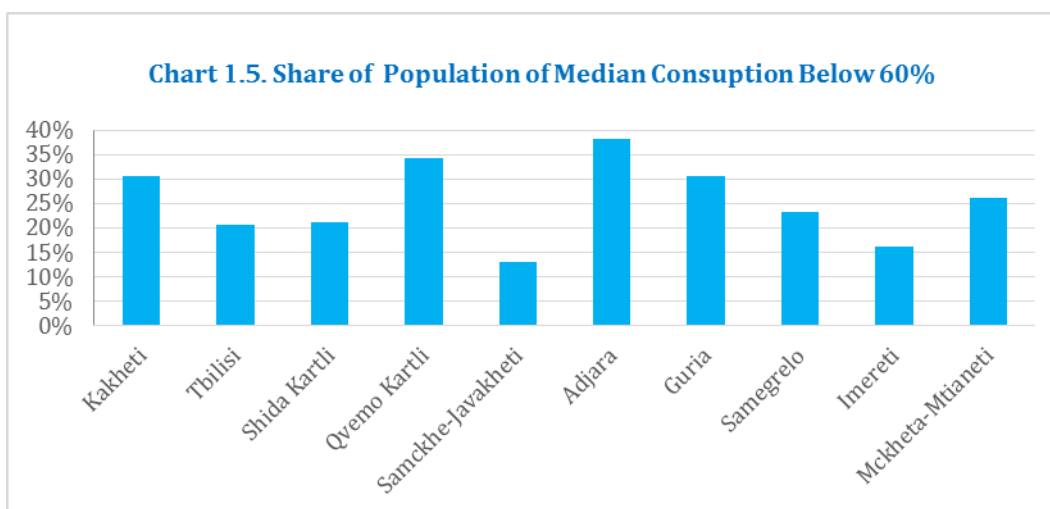
¹³ Georgia Competitive Industry sector Preliminary Diagnostic, World Bank, June, 2013

¹⁴ Some studies (e.g. Poverty Assessment in Georgia, World Bank: 2009 Poverty Dynamics in 2000s, World Bank: 2011, associate improvement with economic and social reforms conducted since Rose Revolution of 2003 throughout the country)

27.1% in 2013.

The poverty rate in rural areas is higher than in urban ones and the difference has become even greater since 2000. During the rapid economic growth, poverty reduced from 23, 7% (2003) to 18% (2007) in urban areas, while in rural ones it decreased from 33% to 29.4%. At present, about 2/3 of Georgia's poor live in rural areas.

The Government of Georgia is in the process of implementing some social insurance programmes across the country including subsistence allowance for assisting socially vulnerable families. The share of such families in the entire population is one of the indicators of the community's economic vulnerability.

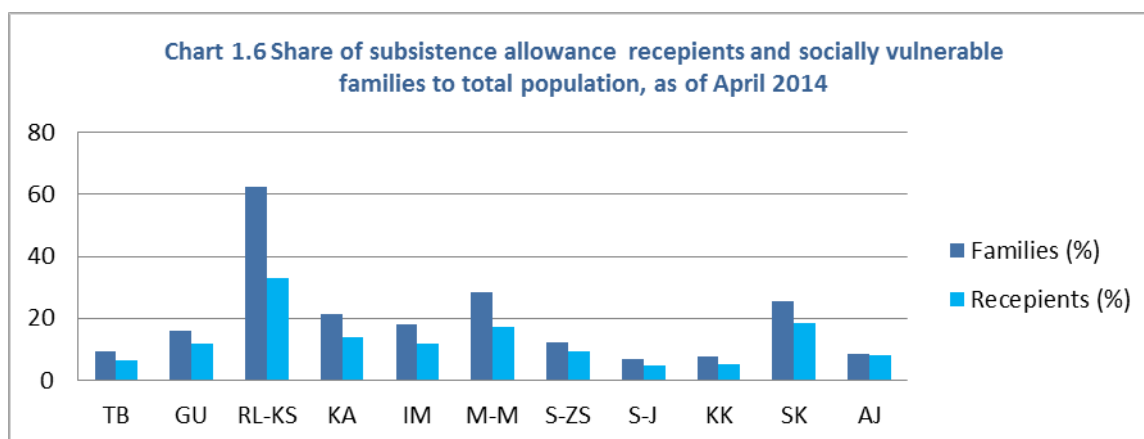


Source: Integrated Household Survey 2011. ISET 2013

Apparent differences are observed in socially vulnerable people's conditions by regions. Tbilisi and Samekhe-Javakheti account for the lowest share of socially vulnerable families, while Shida-Kartli represents the largest one. The lowest percentage of families getting subsistence allowance is in the capital; it is followed by Samekhe-Javakheti, Kvemo Kartli and Adjara. The highest rate of registered people living in poverty is at economically weak Mtskheta-Mtianeti, Racha – Lechkumi and Kvemo Svaneti (Chart 1.5).

Existence of fewer subsistence allowance beneficiaries in Tbilisi and Adjara is consistent with economic development and employment level growth while Samekhe-Javakheti and Kvemo Kartli, with their low rates, are exceptions, though.

The rapid growth of beneficiaries registered in Shida Kartli in recent years is a result of the entry of internally displaced persons after the Russian-Georgian war in 2008. On the other hand, the reason behind a similar trend in Tbilisi and Imereti lies in the fact that more and more families are suffering from economic crisis. As for the reduced number of the subsistence allowance recipients in mountainous regions, it is due to a decrease in local population.



Source: Social Service Agency

2.9 Cultural and Recreational Resources

Cultural and recreational resources not only demonstrate quality of life of the population, but what is more important, they also represent potential for employment and economic productivity growth both for internal and international tourists' services.

There are wide varieties of natural and cultural resources in Georgia – more than 12,000 historical and cultural monuments, four of which are included on the UNESCO World Heritage List. The country is distinguished by its well-developed mountain, sea and spa resorts. In addition, there are 87 different – category protected areas, of which 14 are State Nature Reserves, 41 natural monuments, 11 National Parks, 19 Managed Nature Reserves and 2 Protected Landscapes. Georgia is famous for its outstanding cuisine and wines, live music and traditional dances. All of these attract growing international interest.

The number of tourists in Georgia in the last 5 years has grown much faster than the world's average rate of increase. At the beginning of the global financial crisis in 2008, when the number of tourists worldwide globe reduced by 4%, the number of international arrivals to Georgia increased by 16%. In 2011, Georgia's rate among new tourism destination countries was the highest and reached 39%. In 2012, the number of foreign visitors was almost 4.5 million, 56% more than in 2011 and reached 5.4 million in 2013, 21% higher than previous year ratio. (See Table below and Chart 1, 7)

	2009	2010	2011	2012	2013
Visitors	1 500 049	2 031 717	2 820 185	4 428 221	5 365 356
Increase (%)	16	35	39	56	21

Source: National Tourism Administration of Georgia

There are 1000 accommodation units in Georgia with a total of almost 35 000 beds. Therefore, average demand for hotel rooms exceeds existing supply. Coastal region of Adjara (especially Batumi) and the capital Tbilisi are market leaders and there are plenty of popular, internationally branded hotels in both territories.

Differences in tourist activities are significant among regions. Sea tourism is the priority for Adjara. Tbilisi accounts for the biggest share of urban and business travels. Samtkhe-Javakheti (Bakuriani and Borjomi) is famous for winter and medical tourism. However, generally, lack of data does not allow for a thorough analysis of any region's tourism potential yet.

Cultural and recreational resources supply and utilisation data need further addition and modification as well. According to them, cultural resources are mostly concentrated and used in Tbilisi.



Source: Georgian National Tourism Administration

Chapter III. The Development Needs of Georgia's Regions

“Our main goal is to ensure that the majority of Georgia's population benefits from economic growth based upon inclusive and comprehensive economic development.”

„Inclusive growth largely depends not only on a national policy, but on strong and competitive regions and the efficient planning and implementation of the Regional Development Policy as well. Regional development is considered as the most important factor in achieving overall national success. “

Georgia 2020

3.1 Introduction

From the information provided in the second Chapter, it is evident that regional disparities exist within Georgia even if there is rarely a neat correspondence between these and the country's administrative regions. Significant disparities exist between Tbilisi (and its immediate hinterland) and the rest of the country. There are also obvious differences in the conditions that prevail in urban locations, on the one hand, and the rural areas of Georgia, on the other. At the same time, remote mountainous locations face conditions unlike those confronted anywhere else in Georgia.

To reveal and resolve regional development needs and priorities and to determine the necessary measures the following important factors have to be taken into consideration, namely:

Variations between regions are not identical to socio-economic disparities that warrant public intervention. The identification of such disparities and associated development needs and priorities will require that Georgia's overall development priorities, relevant sectoral priorities and, indeed, international agreements are all taken into account. The fact that some regions are predominantly rural and some predominantly urban is not necessarily a cause for concern but each type will have different development needs and there should be a degree of balance in addressing these.

Weaknesses in available data on Georgia's regions are clearly evident but these are being addressed through on-going work by Geostat and the inter-ministerial Regional Statistics Working Group. Such weaknesses as persist do not preclude the formulation of a regional development programme but they do mean that the programme is obliged to focus on direct outputs and more immediate results where the ongoing monitoring of the programme can provide reasonably reliable management information.

Social and economic inequality of Georgian regions does not have simple and direct correspondence to regional administration structures (as in other countries). Therefore, careful steps need to be made to select the most effective level of intervention and appropriate implementation arrangements. In addition, any reforms associated with administrative structures and responsibilities have to be considered.

This chapter draws on the preceding chapter to identify a limited number of key development needs, on which to concentrate the RDP. The programme is designed to maintain balance between available resources and objectives so that to reach important, tangible results as well as to focus on a limited number of key issues ensuring efficient management of this first programming exercise.

Since the Regional Development Programme should respect the Principle of Concentration (an

internationally recognised principle meaning to concentrate on basic needs of resources and efforts). The Programme’s principle aim is to identify needs associated with supporting the balanced and stable development of the Country. Therefore, below are described the main needs having regional/local dimension. Some national-level priorities of Georgia, such as improved social security and healthcare are of high importance, but the benefits should be provided equally to the whole population. Thus, if a need is important throughout the country, it should be solved by joint national/sectoral policy tools and not within this programme’s framework.

The needs listed below are subject to regional variation and all of them are related ultimately to both cohesion (equalisation) and competitiveness growth needs.

3.2 SWOT table

The SWOT table summarises the current situation at the regional level of Georgia. While the SWOT table does not provide immediate solutions to problems, it is a quite useful tool to describe and analyse existing situation.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Tbilisi is a viable and dynamic center of economic activity; • A crucial part of physical infrastructure network (transport, water, electricity, etc.) is developed in regions and especially in Tbilisi; • The business regulatory environment is generally positive; • The Government of Georgia has approved a long-term regional development strategies for each region; • A Vocational Education Strategy has been adopted, which includes commitment to regional coverage; • A limited number of agricultural products has a reliable and growing market; • There is a strong potential for further development of tourism in urban and rural areas. 	<ul style="list-style-type: none"> • Not only are resources attracted to Tbilisi from the rest of Georgia but there are concentration costs in Tbilisi itself; • A major part of physical infrastructure still requires completion and development especially in less densely populated areas; • Much further VET capacity development and the adoption of standards is needed – remote areas are still at a disadvantage; • Sources of finances for investment (particularly in rural/remote locations) are often insufficient; • Agriculture and rural based economic activities are not sufficiently responsive to market demand; • Land ownership is fragmented and rarely registered; • Remote mountainous municipalities currently are unable to support a viable population at present; • Unemployment (especially, in rural areas) and underemployment still remains a critical problem; • Regional and local governments’ institutional and resource capacity limitations are still acutely problematic.

Opportunities	Threats
<ul style="list-style-type: none"> • The Association Agreement between Georgia and the EU should provide increasing opportunities for trade and investment; • The development of Regional Development Strategy Action Plans by the end of 2014; • Adoption of the Regional Development Programme for 2015-2017 is a good opportunity for balanced development, with coordinated and multi-sectoral approach. 	<ul style="list-style-type: none"> • International economic crisis is yet not completed; • Geopolitical instability; • Macroeconomic constrains have serious impact on Georgian budget; • Effective implementation of the self-governance reform and sub-national institutional capacity building still remains an acute issue.

3.3 Key Needs

On the basis of the above table the following main needs in relation to regional development in Georgia can be identified:

Need 1: Creation of the Relevant Physical Infrastructure Network in Support of Economic and Social Activities

Continued improvement of infrastructure of almost every type remains a critical need in Georgia, particularly in rural areas. Indeed if investment in business in Georgia is to increase, continued improvement of infrastructure is a pre-condition. Not least for high technology activity that often has specific requirements in terms of consistency and quality of telecommunications, power and water supply. All infrastructure provision should respond to locationally specific needs and the concern here is to promote balance in such provision.

1.a. Transport

Georgia 2020 identifies the need to further develop the country's transport potential as an important need and identifies national priorities. According to that document, the development of the transport system and the maximization of Georgia's transit potential are among the country's main priorities.

On the regional level there is a clear need to develop smaller-scale, connecting transport infrastructure so that populations currently remote from developing transport hubs can gain access to and benefit from them; and also so that potential investors can consider locations other than the limited number that are on the main transport links.

1.b. Water Supply

“The Government’s goal is to supply the population with water 24 hours a day, to streamline water supply and drainage systems in all urban centres and towns, and to ensure their proper functioning and further improvement; the Government also aims to ensure that the system meets international standards.” Georgia 2020

As described in Chapter II of the Programme, more than half of rural population and 10% of urban residents still are not connected to mains water system. Therefore, the challenges related to this are rather serious. In addition, there are specific needs with regard to irrigation systems and rural irrigation canals (see below, Need 3b). Finally water quality is of major importance and significant work remains to be done to ensure that piped water is potable and meets minimum health standards.

1.c. Waste and Waste-water Treatment & Air Pollution

“The introduction of modern systems for solid waste management as well as the construction of new sanitary landfill sites and terminal stations in accordance with the EU’s environmental and technical standards is equally important.”

Georgia 2020

As described in Chapter 2, solid waste collection and management in Georgia is carried out mainly in the capital in its surroundings nowadays. As for other types of waste, two-thirds of all air pollution sources are concentrated in four cities only: Ferroalloy Plant in Zestaponi, Power Plant in Gardabani, Nitrogen and Metallurgical Plants in Rustavi and Cement Plant in Kaspi. Air pollution from mobile/vehicle sources is particularly concentrated in greater Tbilisi. Sewerage systems and their management have improved significantly since 2000 but further work remains to be done in rural locations across most of the country.

1. d. Provision and Security of Supply of Power (electricity and gas)

Electricity is available in almost the whole territory of Georgia but significant quality improvement of energy supply and its compliance with commercial needs (particularly in rural areas) is necessary.

1. e. Telecommunications and Information Technologies

Internet access and use has developed rapidly in Georgia in recent years but further improvement and extension of access to more remote areas is needed.

Need 2. Support to local businesses, and so increase their competitiveness as well as employment opportunities in Georgian regions

Chapter 2 provided evidence that demonstrated the need for support for business development and employment across all of Georgia. A substantial focus on training is needed everywhere and

improved provision of other business support services across Georgia would also be of value. However, variations in conditions and viable activities from one location to another would suggest that support would need to be tailored to the specific mix of requirements in different locations.

To be more specific, Georgia needs:

- a more highly qualified workforce;
- more full-time employment (particularly in rural areas where underemployment in agricultural activities is a very significant problem);
- more long-term employment (particularly in urban areas where there is a substantial “casual/self-employed” labour market);
- Better access to financial resources for investment purposes (particularly in rural locations).

2a – A Regionally Balanced Provision of VET and Labour Market Services

Georgia’s educational system in general, and vocational education in particular, is in need of continued reform and very substantial development. At this stage it makes sense for this Programme to concentrate on vocational education & training and, more particularly, on supporting efforts to ensure the regional spread of improved provision of VET. Labour market data, including their acquisition, processing and analysis also need further improvement.

2b – A More Balanced Regional Dispersal of Business Services

The financial sector in Georgia is relatively underdeveloped and access to finance is especially problematic for small and medium enterprises, start-ups and rural-based enterprises. Business support services and the availability of appropriate, secure and affordable business premises are also subject at present to significant regional variation.

Need 3: Modernizing Georgian agriculture and improving the quality of life for the rural population

The majority of the urban population is concentrated in Tbilisi. This means that rural activities outside Tbilisi are even more important, generally, for regional development.

3. a. - Ensuring that National Agricultural Policies and Institutional and Regulatory Frameworks cover all Georgian Regions

Recent analysis¹⁵ has identified clear needs across the Southern Caucasus for significant improvements in national policies and institutional and regulatory frameworks (and associated capacities). The most important ones among them are the following:

- Stronger property rights – not least in relation to land ownership registration - that would promote land market development
- Protection and rational exploitation of forests

When responding to these needs, it is very important to maintain a regional balance.

¹⁵ Assessment of the Agriculture and Rural Development Sectors in the Eastern Partnership countries Georgia, EC/FAO 2012

3. b. Irrigation and Drainage Infrastructure Development

“The Government of Georgia will work to develop the country’s agricultural infrastructure, including irrigation and drainage systems, in order to increase the Georgian agricultural sector’s competitiveness.” Georgia 2020

Most of the irrigation channels and networks in Georgia need rehabilitation and maintenance. It is worth noting that, generally in a free market economy, proper functioning of irrigation systems at farming/internal network level is the private sector’s responsibility; however, state provision of wider supply and drainage networks is still required from Georgia’s public authorities.

3. c. Diversification of Economic Activities in Rural Areas

The analysis made in previous chapters shows that in order to improve the quality of life in rural areas, diversification of existing agricultural and non-agricultural (e.g. tourism) economic activities is necessary.

3. d. Improvement of Financial Support for Rural Enterprises

Access to financial resources is an especially acute problem for Georgia’s agricultural sector. Uncertainty over land ownership and tenure, the fragmented nature of much ownership, the need to diversify into non-traditional activity and poor infrastructure of a variety of types all combine to make investment difficult in this field. Farmers need improved access to affordable agribusiness loans, leasing products and crop insurance. To protect agricultural producers from adverse weather conditions and losses from natural disasters, support in the development of insurance systems is necessary.

Need 4: Balanced Distribution of Resources between Tbilisi and Other Regions of Georgia

Tbilisi not only has relative strengths but also weaknesses (e.g. traffic congestion, pollution, etc.) compared to the rest of the country.

As for balanced distribution of financial resources among regions, it is noted that the state budget funding is still unequal and inefficient. Budget receipts and expenditures by regions, even on a per capita calculation, create horizontal imbalances. The problem is also that the share of individual revenues in local self-governance budget revenues is extremely low, which diminishes the level of budget independence, as well as the quality of public services. The new system of equalization, for its part, failed to efficiently compensate the reduced income after directing income tax into central budget since 2008.

Need 5: Remote mountainous districts to offer a viable livelihood for at least a core population

High mountainous regions (Svaneti, Zemo Racha, Khevi, Khevsureti, etc) require development through a special state programme, which will be directed at preventing the process of depopulation of territories through supporting traditional business development and introduction of new technologies.

Other Needs

In addition to the above mentioned key needs, it should also be noted that for effective support to regional development increasing of capacity of regional and local governance institutions is a key need. This would include: support for attracting foreign investment, more efficient planning of local socio-economic development, planning-management of infrastructural projects and implementing innovation and technology transfer systems. The fact that regional and local governments today have limited power and role to attract investments does not help in overcoming challenges. They do not have proper resources, capabilities and outsourcing mechanisms to carry out these activities, e.g. regional development agencies and other alternative organisations.

Together with a lack of investment projects developed in regions, appropriate standard regional passports, regional branding and promotion campaign, the absence of efficient coordination mechanisms with relevant central or local institutions is still the issue. Local opportunities to support establishment of linkages between local supply base and foreign investments remain unused.

Finally, availability of reliable information and official statistics (special economic zones are exceptions) on direct foreign investments and external trade, at the local, regional level is associated with serious difficulties. We can say that such statistics have not been produced in regions, which in the long run, is an important challenge for local institutions and for regional and local governments in the relevant planning process.

Chapter IV. Institutional and Policy Context

This chapter describes the institutional and policy context related to the promotion of the regional development of Georgia. Considering a number of relevant activities, especially the number of international agencies operating in the country, the following information is selective in nature. Appropriate information includes the most important aspects that can influence regional development and its consideration is vital to ensure effective implementation of the Programme.

4.1 Institutional and Policy Context in Georgia

Administrative Arrangement and Structure of Local Authorities

In accordance with the paragraph 3 of Article 2 of the Constitution, "Georgian territorial state structure based on the principle of separation of powers is defined by the constitutional law after the full restoration of Georgia's jurisdiction throughout the country."

At present there are 12 self-governing cities (municipality) and 59 self-governing communities (municipality). There are two autonomous republics in Georgia: the Autonomous Republic of Adjara and the Autonomous Republic of Abkhazia. Also, on the territory of former South Ossetia Autonomous District is created a temporary administrative - territorial unit.

Since Georgia regained independence in 1991, a considerable part of Georgian territory, namely the Autonomous Republic of Abkhazia and former South Ossetia Autonomous District territory were occupied by the Russian Federation. Today the status of these territories is defined according to the "Law of Georgia on Occupied Territories". Georgia includes 9 historical/geographic regions where governors/plenipotentiaries are appointed within their administrative/territorial units, together with Tbilisi. Only four cities of Georgia (Tbilisi, Kutaisi, Batumi, and Rustavi) have a population of more than 100 000.

In the State Strategy for Regional Development of Georgia for 2010-2017 approved by the Government of Georgia in 2010, "Region" is defined as follows: "region, while implementing the country's stable regional development policy, is defined as the functional-planning unit, representing the complex of administrative-territorial units and usually coinciding with the activity areas of state plenipotentiaries and governors. Following the strategy goals, Tbilisi, Autonomous Republics and temporary administrative-territorial unit are considered as the regions".

Before the 2013 presidential elections, it was the President's prerogative to appoint State Plenipotentiaries/Governors. After the elections, constitutional amendments came into force, according to which the President's authority has been limited and the Prime Minister's increased. The authority to appoint governors has been now been given to the Prime Minister. The basic level for local self-government is still a municipality (self-governing city and community).

The Budgetary Process and Public Finances

The Georgian Budget Code determines the basic principles and process of the budgetary system of Georgia, for budgeting of state, local government units and autonomous republics. The budget, at all governmental levels, is adopted before the start of the year to be planned and includes plans for the next one-year period. The budget-adoption process includes a number of procedures defined by the Budget Code and is in conformity with the government’s appropriate level medium-term (4-year) plans. The plans for the state budget are defined in the document “Basic Data and Directions” and for local self-governing units and autonomous republics plans are defined in the corresponding priority documents. Annexes to the annual budget, as well as priority documents, determine programmes to be implemented with appropriate budgets and approximate volume of their funding for the planning and next 3 years.

Local self-governments have their own budget. Revenues of self-governing unit budget consist of own and other receipts. Own receipts include: local taxes and fees, an equalisation transfer and other receipts intended for self-governing units under Georgian Legislation. Other receipts are: Capital, Special and Targeted transfers, loans and grants received in accordance with the “law of Georgia on grants”. The self-governing unit may spend its receipts independently and at its sole discretion.

Table 1.6. Transfers allocated from the State budget to a municipality, 2013

Type of Transfer	Amount (thousand Lari)	% of total transfers
Equalising transfers	750 296.1	70.2%
Special transfers	307 333.6	28.8%
Target transfers	10 825.9	1.0%
Total:	1 068 455.6	100,0%

Source: Annual Report on execution of the State Budget of Georgia for 2013

Equalisation Transfer is an amount allocated from the state budget of Georgia using a special formula. Its purpose is to equalise different financial capacities of municipalities taking into account their economic potential. In addition, the municipality uses the income earned through equalisation at its sole discretion to implement its authority.

Special Transfer is allocated from the state budget of Georgia for the municipality budget, or from the Autonomous Republic budget for corresponding municipality budget, to liquidate consequences (damage) of natural disasters, ecological and other types of disasters, hostilities, epidemics and other extraordinary circumstances, and also to implement other arrangements by municipalities. This transfer will only be allocated if the reserve fund of the relevant municipality is not sufficient to finance measures to eradicate the above mentioned conditions.

Targeted Transfer – is transferred from one budget to another for the financial insurance of a delegated authority.

Capital Transfer – is transferred from one budget to another to implement a targeted capital project. In addition to transfers to municipalities and Autonomous Republics under the Annual Budget Law, the following is allocated to regions from the State Budget as well:

Funds for projects to be implemented by the LEPL Municipal Development Fund, which are mainly allocated by international donors, about 200-300 million GEL is spent annually for this purpose.

Funds allocated from the Fund of Projects to be Implemented in Regions of Georgia (in the form of appropriate transfer) to meet different requirements of municipalities as well as to finance the issues related to the regional needs of other spending institution. 250.0 million GEL is allocated for this purpose in 2014.

Funds allocated for municipalities under the Village Support Programme, the maximum annual amount of which is around 50.0 million GEL.

Relevant Policy Documents Related to Regional Development in Georgia

The Government of Georgia has adopted the Socio-Economic Development Strategy – “Georgia 2020”. The main goal of the strategy is: to ensure that the majority of Georgia’s population benefits from economic growth based upon inclusive and comprehensive economic development.”

The strategy goes on to state that regional development plays a significant role in achieving comprehensive economic development. Consistent decentralisation and the leading role of sub-national units in stimulating local economic processes are seen as very important factors for achieving common national success. Accordingly, during the implementation of the policies outlined in the present Strategy, specific activities must take into account the involvement and needs of self-governing units in accordance with the development priorities of a particular region.

At the same time, a number of comprehensive sector policy documents are being prepared and adopted by different sectoral ministries. A draft Socio-Economic Development Strategy of Conflict-affected Areas has been prepared and the first steps have been taken to draft the strategy for remote mountainous areas. Operation of the ongoing infrastructure development programmes is obviously centralised with respect to the general model of regional development of Georgia regardless of whether they are carried out by the Ministry of Regional Development and Infrastructure, or by the subordinated organisations, such as the Solid Waste Management Company and the United Water Supply Company of Georgia.

In addition the **Ministry of Economy and Sustainable Development of Georgia** undertakes the responsibility for implementing “Georgia 2020”. The Georgian National Tourism Administration and the newly created Innovation and Technology and Enterprise Development agencies are under its control as well. The latter will be working in two pilot regions in 2014 and an important part of its activities will be implemented at regional level.

The Ministry of Agriculture of Georgia is finalising a new strategy and its activities are entirely focused on regions. The Ministry differentiates programmes at regional level as well for economically less active regions, through specially prepared targeted interventions. **The Ministry of Environment and Natural Resources** is responsible for forestry and is drafting a National Forest Programme of Georgia. Government Resolution # 343 dated May 8, 2014 approved the “2014-2010 Biodiversity Strategy and Action Plan”. In addition the Ministry plans to revise Georgia’s National Environmental Action Programme. **The Ministry of Education and Science of Georgia** has adopted its Vocational Education Development Strategy (2013 – 2020) in which regional issues and liabilities are presented clearly according to the needs for future actions.

Other Initiatives on Regional Development

In stimulating economic processes in regions and local self-governments, an important role is given to the consecutive implementation of the organic law - “Local Self-Government Code” adopted by the Parliament of Georgia in February, 2014. This Code, in accordance with decentralisation, subsidiarity and management efficiency principles and the basic principles of “the Government’s Decentralisation and Self-government Development Strategy”, builds a proper legal basis for further development of the country’s self-governance in terms of municipalities’ territorial optimisation, strengthening functionality and resources of self-governments and improving local public services.

Further improvement of the reformed system is planned to ensure institutional, financial-economic and management effectiveness, including fiscal decentralisation and adjustment of the property issues, namely:

- i) Income tax distribution ratio and mechanisms within different-level budgets will be determined;
- ii) Property separation process will be implemented;
- iii) Percentage in nominal gross and product of the equalisation transfer’s total fund, targeted to be allocated to municipalities, will be determined;

All of these will contribute to significant growth of local self-governments’ fiscal revenues, their self-sufficiency and socio-economic development.

The works ongoing under “Spatial Planning and Construction Code of Georgia” already reaching the final phase are very important in terms of regional development and for improving urban policy. The Code includes a spatial and urban construction planning system, hierarchy, composition, development and approval procedures and also requests about using lands for construction, building and building materials’ basic quality requirements, construction permits, construction supervision and regulations for building use.

One of the important tasks is efficient implementation of the Regional Development Strategies approved by the Government of Georgia in 2013 as well as successful completion of the recently initiated works related to mountainous regions’ policy.

It should be noted that creation of a GIS (Geographic Information System) database is planned in the Ministry of Regional Development and Infrastructure with integrated comprehensive statistical information (e.g. demographic data, economic, geographic and financial characteristics; infrastructure resources and etc.) by settlements, communities and regions. Creation of such a GIS database is aimed at ensuring the reform processes of regional development strategies and programmes, the implementation of their action programmes and plans and on-going decentralisation with necessary statistical data.

4.2 International Agreements and Foreign Funding Sources

International support has a significant impact on the development of Georgia. The financial part of such support is especially important. Below is a list of the important partners/donors collaborating with Georgia in terms of regional development and a brief description of their activities in the country.

The European Union

Since 1999, relations between Georgia and the EU have been regulated through the Partnership and Cooperation Agreement. The aid allocated by the EU for 2007-2013 amounted to 452 million euros. On June 27 2014, an Association Agreement was signed between the EU and Georgia, together with the Agreement on a Deep and Comprehensive Free Trade Area (DCFTA). The new programme document (Single Support Framework) is a guarantee for future cooperation between the EU and Georgia in 2014-2017 and includes three priority sectors: public administration reform; rural development and justice sector reform. **The European Bank for Reconstruction and Development (EBRD)** is an important partner of Georgia both in terms of financial cooperation and for strengthening relations with Europe and attracting European investments. The EBRD funding for Georgia is more than 1.8 billion euro for about 160 projects (including energy, water infrastructure, waste management, banking sector, agribusiness, and etc.) of which 78% goes to the private sector. **The European Investment Bank (EIB)** has started to finance projects in Georgia since 2010 and currently, both in the public and in private sectors more than 500 million has been allocated to support euro road, water, and energy and banking sectors.

The World Bank

The World Bank is one of the most important development partners of Georgia. Sovereign funding allocated by the World Bank in Georgia is around 2 billion USD to date. The World Bank approved the Country Partnership Strategy of 2014-2017, being consistent with the Socio-Economic Development Strategy of Georgia (Georgia 2020) and aiming to improve private sector competitiveness, development of human capital and access to finance. The total cost of the World Bank-supported projects is about 500 million USD.

The Asian Development Bank

The Asian Development Bank has started cooperation with Georgia in 2007 and it has funded both public and private sector projects. The amount of resources allocated by the Asian Development Bank to the public sector of Georgia is around 1 billion USD as concessional loans.

The Millennium Challenge Corporation

Under the Millennium Challenge II compact a Grant Agreement of 140 million USD was signed last July to improve the quality of education in the fields of science, technologies, engineering and mathematics (STEM). Within the framework of The Millennium Challenge Corporation's first compact, the allotted grant was directed to rehabilitation of roads in Samtskhe-Javakheti, energy infrastructure (North-South main gas pipelines, underground gas storage facility design), regional infrastructure (water and sewer systems) and small and medium-sized enterprises.

The United States Agency for International Development (USAID)

The USAID cooperation strategy in Georgia covers the 2013-2017 period and implements projects aimed at improving the business environment and private sector capacities; supporting energy security and infrastructure improvements necessary for the country's economic growth; and strengthening the public health care system to provide better quality medical services for the Georgian population.

European States' Bi-lateral Programmes

Some European countries are implementing bilateral aid programs with Georgia. Among them are Germany, notably the **German Society for International Cooperation (GIZ)** and **German Reconstruction Credit Bank (KfW)** as well as **France** and **Austria**. **The Swiss Agency for Development and Cooperation (SDC)** and **the Austrian Development Agency (ADA)** have also been actively involved in rural development and have recently begun to co-operate with UNDP on more general regional development activities. **The Swedish International Development Cooperation Agency (SIDA)** is co-funding projects financed with loans of other donors. Resources of this type go to the government for funding such priority and important areas as solid waste management, and water and wastewater infrastructure.

Chapter V. Programme Objectives and Priorities

5.1 Introduction

The preceding chapter outlined the wide range of policies and activities that have some influence on regional development in Georgia. This chapter describes the structure of the programme of specific activities that the Government of Georgia intends to undertake through the Programme to respond to the needs identified in Chapter 3. Considering the nature and complexity of existing challenges, as well as the availability of resources to resolve them, it is entirely logical that the Programme will not be able to respond to all identified needs. Therefore, the priorities listed are related to the most urgent and basic needs. Each priority refers to a particular sector or subject of the Programme goals.

When determining the main objectives of the Programme, consideration of two relatively important processes was required:

- the structure of local/regional governments and the distribution of both responsibilities and resources between the national and local/regional level have a critical influence on regional development and its prospects in Georgia – it is particularly important that the ongoing process of local government reform in Georgia is carefully monitored;
- It has recently been announced that a comprehensive spatial development framework is to be elaborated for all of Georgia covering both the regional and national levels.

5.2 Overall Objective

The overall objective of the programme identifies the ultimate intended impact of the RDP. The analysis in the preceding Chapters has clearly identified a range of issues that contribute to uneven economic and social development. In particular, the analysis has highlighted the imbalance between what might be called “greater Tbilisi” and the rest of the country. It has also identified the imbalance outside Tbilisi between the major urban settlements and the surrounding rural areas and it noted that the more sparsely populated mountainous areas in the north of the country faced particularly intense challenges.

As an instrument of regional policy, therefore, this Programme concentrates on addressing the issues that contribute to these imbalances and its Overall Objective is to contribute to more balanced and sustainable socio-economic development across Georgia.

5.3 Specific Objectives

Specific objectives define the main components of the overall objectives.

The development needs described in Chapter 3 can be grouped into two main categories:

- A) Those that limit economic development and therefore job-creation process in less developed regions; and
- B) Those that result in a poor quality of life in some regions.

Hence, this programme has 2 specific objectives to meet these needs:

- To support economic development and create new jobs, especially in those regions where the level of employment is low;
- To improve the quality of life especially in rural and less developed areas.

In order to achieve these objectives, a set of operational priorities is defined below, which provide the main thematic areas of intervention of the Programme. Costly regional disparities in Georgia are thus to be countered by promoting a specific combination of priorities and levels of resources devoted to each of them in response to the specific needs of any given region. Each Regional Development Strategy, for example, includes a list of the particular priorities of the region in question. Similarly, the subject of the remote mountainous areas of Georgia comes under recurrent scrutiny and it is possible that a programme to address the particular needs of these areas will emerge in the near future; similar to the draft strategy that has been prepared already for the socio-economic development of the conflict-affected regions.

The RDSs, and the development of remote mountainous areas or of conflict-affected areas then are not “priorities” in a programming sense; they are particular subsidiary programmes addressing the particular needs of the locations in question.

5.4 Priorities

Priority 1 - Improvement of Physical Infrastructure and Environment Protection

The analysis has shown that the continued improvement of infrastructure of almost every type remains a critical need in Georgia, particularly in rural areas. Moreover if investment in business in Georgia is to be encouraged, continued improvement of infrastructure is a pre-requisite. Priority should therefore be given to infrastructure investment that will contribute to the improvement of the business environment, for example transport and waste management. In addition to the need to improve infrastructure in the context of the business environment, however, the analysis showed that there is also a pressing social need to improving the provision of basic services such as mains supply of potable water and mains sewerage systems to rural areas as well as addressing the lack of treatment plants throughout the country and assessing and reacting to natural risks.

Priority 2 – Supporting the Development of SMEs and the Creation of New Jobs

The analysis clearly shows that there is a significant lack of economic activity, and thus a lack of jobs, right across Georgia but particularly outside of the “Greater Tbilisi” area. The assessment of employment and unemployment rates is implemented according to the methodology of International Labor Organization (ILO) and a person who undertakes activities during the reporting period, for profit or for family income (in money or in kind), is deemed to be employed. Accordingly, employment data are somewhat masked by the categorisation of self-employment in the rural economy which is not really economic activity. Therefore, the focus of this priority in the Regional Development Programme will be to support economic activity, to develop the small and medium business sector and to promote job creation. In this respect, an important role is given to LEPL “Enterprise Development Agency” established in April, 2014.

Priority 3 – Rural Development

The Ministry of Agriculture of Georgia is implementing many different programmes to develop the agricultural sector of the country. The overwhelming majority of them are concentrated in regions outside Tbilisi. Accordingly, the mentioned programmes have regional dimensions. This priority is oriented on improving the quality of life in rural areas and encouraging diversification

of the economy. (It is broadly compatible with the EU's Rural Development Policy). This priority also includes the sustainable development of the forestry sector, which is considered as potentially one of the main assets from an environmental and economic point of view.

Priority 4 – Tourism Development

Tourism is one of the fastest growing sectors of the Georgian economy and it has significant potential to promote regional and rural economic growth. Tourism contributes to the development of small and medium-size businesses, tourism-related fields (transport, trade, etc.) and agriculture, including primary production. This sector has a high potential for development and the effective utilisation of the country's tourism potential will have a positive effect on the development of the regions. But this will require further enhancing of tourism infrastructure, support to the improvement of the quality of tourism related services and the development of small and medium scale hotels and new touristic products.

Priority 5 – Improvement of Human Capital and Development of Vocational Education Institutional Capacity at National and Sub-National Levels

In order to support the development of the productive sector, a substantial focus on training is needed everywhere. Specifically Georgia needs a more highly qualified labour force that is responsive to the needs of business. This requires both a greater understanding of the skill needs of business and the availability of appropriate training facilities throughout the country in order to provide those skills. Georgia's educational system in general and its vocational education in particular, is in need of continued reform and very substantial development. This Programme concentrates on vocational education & training and, more particularly, on supporting efforts to ensure the regional spread of improved provision of VET.

At the same time, it is clear that the lack of institutional capacity at sub national level is a real barrier to economic and social development. This priority therefore will seek to address this through institutional capacity building measures.

In addition to these five thematic priorities, as set above, there are potentially two geographically specific areas of intervention that may be coordinated through this Programme:

Implementation of Region-specific Development Strategies - it is expected that to support the implementation of regional development strategies, substantial resources will be allocated from the "Fund of Projects to be implemented in Regions of Georgia"/FPIR (Regional Development Fund). It implies funding mostly for physical and technical infrastructure development projects. In pursuance with the established rule and taking into account the applicable criteria and procedures, the municipalities - following the review of the projects at the regional consultative councils - shall submit the respective projects to the Ministry of Regional Development and Infrastructure (for preliminary screening) before the Governmental Commission on Regional Development undertakes their subsequent appraisal and selection".

Policies targeted at the remote mountainous areas - a new policy initiative to address specific problems of residents of mountainous areas is expected to enter into active phase in the near future. The initiative is not fully formulated yet, but any such effort would form part of regional policy.

Chapter VI. Programme Measures

This chapter provides the measures that the Government of Georgia is going to implement under this Programme in accordance with the defined tasks and priorities. (The measures are organised in line with the development priorities outlined in the previous chapter). To ensure efficient monitoring of their implementation, Annex 2 includes the 2015- 2017 Regional Development Programme guideline form, which responsible institutions will use to submit appropriate information as prescribed by law. The measures set out below do not fully cover all of the activities to be funded by either Georgia's own resources or donor contributions for regional development purposes across Georgia. Rather they set out the main selective activities that together constitute the Georgian Government's first programmed response to the problem of potentially damaging regional disparities and the need to promote balanced development of the country.

Note: Indicative budgets of the programme aiming to implement appropriate measures may be subject to significant changes in the end of the current and each subsequent year, in accordance with the budget process cycle in Georgia and approval period of the programme.

Priority 1- Improvement of physical infrastructure and Environment Protection

1.1 Roads of International and National importance.

This measure will provide for the construction, rehabilitation and maintenance of roads of international and national importance based upon their current technical standard and the current or expected traffic volumes. The absence of adequate quality roads in many locations in Georgia, particularly when related to increasing traffic volume, is clearly a barrier to economic development.

Indicative budget:

- 2015 – 550 million GEL
- 2016 – 570 million GEL
- 2017 – 580 million GEL

(Note: the budget includes roads of international and national significance (crossing regions of Georgia).

Implementing body: Ministry of Regional Development and Infrastructure of Georgia.

1.2 Solid Waste Management

This measure provides for the construction of regional landfills and transfer stations where they are mostly needed, primarily in major cities of the country and their suburbs. This measure aims to minimise the risk of a negative effect on human health and the environment (in particular the largest cities by population and landfills close to residential areas and rivers). There are 63 former municipal landfills. At present the Solid Waste Management Company under the Ministry of Regional Development and Infrastructure of Georgia is in charge of the management of 54 municipal landfills in the country. The main challenge is to one by one close old municipal landfills in accordance with international standards and to place the generated municipal waste in new regional ones. The problem includes not only obtaining vehicles but identifying the most appropriate location for new

landfills.

(Note: currently, a bill on waste management is being debated by the Parliament taking into account the legislative requirements of the new and existing landfills across the country in accordance with the relevant EU directives. As soon as the bill enters into force, construction of regional landfills and remediation of existing ones will be implemented according to the criteria defined by the law).

Indicative Budget:

- 2015 – 10 million GEL
- 2016 – 15 million GEL
- 2017 – 15 million GEL

Implementing body: Ministry for Regional Development and Infrastructure of Georgia

1.3 Water Supply, Sewage and Sewerage Systems

This measure includes the rehabilitation and building of new sewerage and water cleaning headworks and water supply systems, the maintenance of existing infrastructure and installing water meters in regions. Currently, water supply systems have been rehabilitated in the following large cities of Georgia: Kutaisi, Poti, Zugdidi and Marneuli. Rehabilitation of sewerage systems is planned in tourist centers: Mestia, Anaklia and Ureki as well as in 51 municipal centers. It is also planned to rehabilitate the sewerage system in the city of Telavi. As far as water safety is concerned, all of the activities will include building / rehabilitation of water and sewerage systems headworks in those cities where they are either in need of improvement or do not exist.

Indicative Budget:

- 2015 – 100 million GEL
- 2016 – 120 million GEL
- 2017 – 120 million GEL

(Note: this budget is intended for rehabilitation of water supply and sewerage systems, treatment works and potable water supply)

Implementing body: The United Water Supply Company of Georgia

1.4 Disaster Risk Reduction and Management of Polluted areas of old industrial sites

Due to the complicated mountainous terrain, specific atmospheric conditions and the negative impact of human activities, natural hazards in Georgia are extensive and frequent. Major natural hazards (floods, flash floods, landslides, mudflows, snow avalanches, earthquakes, hail, heavy rains, storm winds, droughts, wash up of shores and etc.) substantially affect the national economy, causing damage to infrastructure and human casualties. Taking into account all the above, when the economic development of the country and people's daily existence is at risk, development of an early warning system and proper analysis to forecast the natural hazards are of vital importance. The second National Environmental Action Programme (NEAP, 2012-2016) of Georgia identified the following short-term goals:

- Improvement/modernization of early warning system;
- Prevention/reduction of the negative impact of floods and flash floods from river basins;
- Resumption of artificial influence on certain types of natural phenomena (hail, drought,

snow avalanches) and reducing risks of accidents on industrial sites.

LEPL-National Environmental Agency (NEA) carries out monitoring of hydro meteorological, geological and environmental pollution and provides actual and forecasted information about hydro meteorological, geological and environmental conditions at the national level.

Industrial sites (especially those where were produced and/or recycled petroleum products, chemicals, plastics, minerals and building materials, metallurgy and mining products) are at great risk in case of accident or a leak. A threat to the environment and to human safety is posed not only by active industrial facilities but also by the legacy of past operators. A number of industrial sites in Georgia that used oil products and various chemicals have been abandoned with limited or no safety measures in place. Substances accumulated as waste products often remain on site without proper control or supervision. The risk of pollution from these sites exists and can be increased by natural hazards and human activities. Therefore taking of immediate actions is necessary that contribute to neutralization of such sites.

Indicative Budget:

- 2015 – 5.1 million GEL
- 2016 – 5.2 million GEL
- 2017 – 5.3 million GEL

Implementing body: Ministry of Environment and Natural Resources Protection of Georgia/LEPL-National Environmental Agency

Based on the monitoring carried out by the LEPL National Environmental Agency as well as prediction of the natural disaster risks and recommendations about preventive measures to be taken, the Ministry of Regional Development and Infrastructure will implement appropriate protective and restoring measures, specifically bank protection activities in areas with increasingly higher risks of natural disasters in order to ensure safe and smooth traffic. At the same time, the role of the Ministry of Regional Development and Infrastructure is to rehabilitate damaged infrastructure and to play a role of mediator between the Government and affected municipalities for allocation of additional funds.

Indicative Budget:

- 2015 – 5 million GEL
- 2016 – 5 million GEL
- 2017 – 5 million GEL

Implementing body: Ministry of Regional Development and Infrastructure of Georgia

1.5 Georgia Forest Inventory and Implementation of a Stable Forestry Strategy

Forests occupy about 40% of the territory of Georgia and its density is some fifty per cent higher than the average density of forest in the world. The largest part of forests is growing on slopes with just two per cent on the plains. There are swamped forests in Colchis Lowland and other regions of western Georgia. Most trees are grown and the most common species are beeches. Forests suffered tremendous loss due to illegal exploitation and the fire during the Russian-Georgian war. However, a complete inventory of forest has not been carried out in the last 20 years so there is no detailed information about their condition yet.

This measure aims to promote stable forest management and use to ensure fair and equal distribution

of benefits among local communities.

It involves the implementation of the following activities:

- Perfection of current legislative and methodological bases in the field of forestry to establish efficient forest management system;
- Further development of current electronic system of forest resource management;
- Continuous professional development and training of the employees of LEPL-National Environmental Agency;
- Meeting demand for wood resource (including firewood);
- Identification of allowable wood cutting;
- Development of mechanisms for diverse use of forests;
- Implementation of forests maintenance and restoration measures;
- Undertake necessary measures for institutional strengthening of LEPL-National Environmental Agency to ensure effective monitoring and improving of physical protection of forests;
- Clarification of the forest fund territories by means of state forest fund registration to prevent fragmentation and reduction of the forest territory;

Indicative Budget:

- 2015 – 18 million GEL
- 2016 – 18 million GEL
- 2017 – 19 million GEL

Implementing body: Ministry of Environment and Natural Resources of Georgia

Priority 2- Supporting the Development of SMEs, and Creation of New Jobs – Measures

Supporting Business in Georgia’s Regions through Institutional and Programming Initiatives

60% of companies registered in Georgia are small or medium enterprises. 45% per cent of them are concentrated in Tbilisi. It is noteworthy that the vast majority of businesses registered in the country do not operate and their existence is just formal. Lack of financial support instruments and resources represents a real challenge for business development. In order to support micro, small and medium businesses in Georgia, LEPL Entrepreneurship Development Agency was created under the Ministry of Economy and Sustainable Development of Georgia. The main responsibility of this Agency is to provide 3-year start-up business support, technical assistance and consulting services to beneficiaries. Consulting services will be provided by contracted businessmen and experts. It is planned to choose two pilot regions during 2014 which are particularly weak and vulnerable economically. The choice of pilot regions will be defined based on the corresponding criteria.

Meanwhile, a new government programme “Produce in Georgia” launched in Georgia in June, 2014 aims to stimulate local industrial and agricultural production. LEPL – “Enterprise Development Agency” will support start-up businesses in various industrial fields for the next three years (production of paper, paperboard, construction materials, textile, electrical equipment, diagnostic facilities, rubber and plastic products, steel products, wood processing, pharmaceutical

manufacturing). The annual interest rate for 2-year period loans will be from 1% to 3% and LEPL – “Enterprise Development Agency” will cover 10% of the loan interest rate and 30% of the loan collateral allowing enterprises to reinvest profits.

Total Indicative Budget:

- 2015 – 20 million GEL
- 2016 – 20 million GEL
- 2017 – 20 million GEL

Implementing body: Ministry of Economy and Sustainable Development of Georgia/LEPL Entrepreneurship Development Agency.

Priority 3 – Rural Development -Measures

3.1 Modernisation of Irrigation Systems

Ensuring effective irrigation and drainage services are essential foundations for greater private investment in high value production. Rehabilitation of this infrastructure is a necessary condition for the development of agriculture and at the same time it is essential to introduce and promote modern irrigation systems. The final beneficiaries of this measure will be small, medium and large-scale farmers. Irrigation infrastructure will be mainly localised in Kakheti, Mtskheta – Mtianeti, Kvemo Kartli and Shida Kartli regions. As for rehabilitation of drainage systems, the target regions will be Imereti, Samegrelo, Guria and Kakheti.

Indicative Budget:

- 2015 – 70 million GEL
- 2016 – 80 million GEL
- 2017 – 100 million GEL

Implementing body: Ministry of Agriculture of Georgia/ Ltd. - Georgian United Systems of Melioration Company

3.2 Concessional Agro-Credit

Access to affordable finance is one of the most important factors for agriculture and agribusiness development. Competitiveness of the local farmers and companies is directly connected with the adoption of modern technologies and practices, for both of which financial resources are needed.

It is important to ensure affordable private finance for farmers and agribusinesses which would be impossible without various financial mechanisms and instruments.

The following is going to be implemented under the scheduled programmes: opening new enterprises and expanding existing ones in agriculture sector; expanding primary agriculture production; reducing the cost of bank credit and improving availability for rural enterprises; availability of agriculture machinery via leasing; stimulating farmers with small land plots involved in agriculture activities.

The governmental programme “Produce in Georgia” will be implemented through concessional agro credits. The following activities will be involved: horticulture; development of high-tech greenhouses; livestock farming; poultry farming; wool & leather processing; cultivation and processing of tea, laurel, tobacco, walnuts, hazelnuts; processing of fruit, berries, vegetables and

citrus. Specific projects will be selected via tender process.

Indicative Budget:

- 2015 - 30 million GEL
- 2016 - 30 million GEL
- 2017 - 30 million GEL

Implementing body: Ministry of Agriculture of Georgia/Agriculture Projects Management Agency

3.3 Other Planned Programmes for Rural Development

For agriculture development purposes new and innovative agrarian technologies will be introduced; new varieties and hybrids will be spread and agro-biodiversity maintained; cooperation of small farmers (peasants) and their effective functioning will be implemented.

It is also planned to implement food safety risk prevention and appropriate control measures; strengthening laboratory study capacities; maintenance of epizootic security; protection of rural lands from the most dangerous pests; enhancing the phytosanitary safety in the country; raising the level of knowledge of farmers.

For the development of viticulture and the wine-making field the introduction of new consumer markets, registration, certification of vineyards, and specification of borders of definite zones will be supported and the promotion of the sale of the grape harvest of individuals is planned.

Indicative Budget

- 2015 - 50 million GEL
- 2016 - 55 million GEL
- 2017 - 60 million GEL

Implementing body: Ministry of Agriculture of Georgia

3.4 Land Market Development

Currently the land market in Georgia is not well developed. The Government of Georgia (GoG) still controls a significant acreage of agriculture land that has yet to be privatised. A large portion of the land parcels owned by small and medium scale farmers are not registered and this limits the possibilities of secondary market development and private investments in agriculture. The Government of Georgia is going to re-define policies and procedures of land registration allowing registration of the majority of land.

This measure aims to promote the development of the land market. It is planned to choose pilot regions of a good geographic location, well-developed or rehabilitated irrigation and drainage infrastructure to promote investment in agriculture and agribusiness. Selection will be made among the following regions: Kakheti, Kvemo Kartli, Shida Kartli, Imereti, Samegrelo and Guria.

Indicative Budget:

- 2015 - 1,6 million GEL
- 2016 - 1,6 million GEL
- 2017 - 0,01 million GEL

Implementing body: Ministry of Justice of Georgia (funding - World Bank).

Priority 4 – Tourism Development -Measures

Multilateral Promotion of Tourism Development

One of the main assets of Georgia is its attractive location for international tourism. However, no analysis has been carried out to evaluate the tourist potential of regions of Georgia and there is no consolidated database in place. Moreover, promotion of Georgia as an international tourist destination is not properly managed and existing information sources in the country are not developed. Furthermore, the level of basic skills, such as hotel management and services, is low.

This measure aims to support and promote sustainable development of the tourism industry through balanced activities and sub-activities addressing both demand and supply. These include the following:

- Study of tourism resources and potential of each region, including cultural and natural resources;
- Promotion of domestic and international tourism;
- Development of a tourism information centre network;
- Improvement in the quality of service in tourism industry through training;
- Development of small-scale tourism infrastructure.

Indicative Budget:

- 2015 – 10 million GEL
- 2016 – 10 million GEL
- 2017 – 10 million GEL

Implementing body: National Tourism Administration of Georgia

Priority 5 - Improvement of Human Capital and Development of Vocational Education Institutional Capacity at Sub-national Level – Measures

5.1 Labour Market Demand Survey

Unemployment in Georgia is one of the most acute socio-economic problems and the main challenge. For supporting employment together and for completion of the common economic policy, it is important to create appropriate conditions for the efficient functioning of the labour market.

For a general picture of the labour market it is necessary to obtain a range of information and comparative analysis which requires conducting labour market research to determine the balance between labour demand and supply in the country. Without systematic study and the creation of a common information base the demand for labour in Georgia cannot be defined.

The labour market survey will systematise the data: will identify positions which are in deficit and in demand, will collect information on those regions where there is a lack of qualified staff, and will determine the expected trend in the labour market.

Indicative Budget:

- 2015 – 200.000 GEL
- 2016 – 200.000 GEL
- 2017 – 200.000 GEL

Implementing body: Ministry of Labour, Health and Social Affairs of Georgia

5.2 Rehabilitation of Existing Colleges; Construction, Equipment and Staffing of New Regional VET Colleges

The Key area of ongoing educational reforms is to improve vocational education quality and to ensure access to vocational education throughout the country. According to the recommendations of the “Commission studying the needs, expediency and implementation issues of new vocational institutions” established by the order of the Minister of Education and Science of Georgia in 2013 (based on analysis conducted in regions of Georgia about the need for training), it has been decided to open 26 well-equipped vocational colleges to meet the socio- economic challenges existing in Georgian regions in order to provide a high quality service.

In order to implement this initiative it is planned at the initial stage to establish at least one vocational college each year. In addition, the efficiency of the existing colleges will be evaluated and their development plans reconciled to regional needs. Rehabilitation of infrastructure and equipping of colleges are also envisaged.

Indicative Budget:

- 2015 – 4 million GEL;
- 2016 – 4 million GEL;
- 2017 – 4 million GEL;

Implementing body: Ministry of Education and Science of Georgia

5.3 Vocational Teaching and Education, Agriculture-Related Extension Systems

In 2013, the Ministry of Education of Georgia, the Ministry of Agriculture of Georgia and the United Nations Development Programme (UNDP) signed a project document: “Modernisation of Vocational Education and Training and Extension Systems”. This project aims to contribute to the development of high-quality vocational training and extension systems in agriculture which will be reflected in and improvement in the living standards of the rural population.

It is a 6-year project and development of these systems will be implemented through 3 different approaches:

- Supporting seven vocational colleges and seven state information consultation centres, allowing them to work out more flexible, innovative, relevant and effective training programmes and consulting services. At least 10,000 farmers will have access to these systems.
- Creation of multilateral systems of qualified human resources offering farmers different training courses and services and providing them with practical knowledge and skills through the assistance projects of the country’s partners and the Swiss Agency for Development and Cooperation (SDC).
- By strengthening public and private sectors, as well as coordinating consultation services and vocational trainings, the project will contribute to establishing collaboration and partnership models of the public and private sectors in agriculture. Financial summaries of stakeholders from private and public sectors will be drafted and international grants (UNDP, SDC) will be mobilised.

Indicative Budget:

5.9 million US Dollars

(Note: Donors – UNDP/SDC funding)

Implementing body: Ministry of Education and Science of Georgia; Ministry of Agriculture

of Georgia; (with financial assistance of the United Nations Development Programme and the Swiss Agency for Development and Cooperation).

5.4 Training of VET Teachers and Continuous Professional Development

Having no system of pedagogical training, entry into the profession and further professional development is one of the important challenges in the education system of Georgia. Therefore, one of the main objectives of the Ministry of Education and Science of Georgia is to improve the quality of teaching in vocational institutions in the country. While reforming the education system it is especially important to raise the level of qualifications of teachers.

In the Vocational Education Reform Strategy (2013 – 2020) the following was prioritised: Training and development of vocational teachers in accordance with modern standards and requirements; regular and systematic trainings in educational institutions to develop competence; attracting new human resources; keeping existing staff and supporting professional development.

The Teachers' Professional Development Centre of the Ministry of Education and Science is focused on long and short-term training of teachers aiming at their continuing professional development. Teachers have an opportunity to learn about using modern technologies, share successful teaching practices and use the knowledge obtained in their teaching.

Each subject of training is based on vocational teacher's standards, vocational standards and teachers' needs analysis.

Indicative Budget:

- 2015 – 280 000 GEL
- 2016 – 280 000 GEL
- 2017 – 280 000 GEL

Implementing body: LEPL Centre for Professional Development of Teachers.

5.5 Training of Local Public Servants

Development of institutional capacities at sub-national level is largely linked with the necessity for institutional capacity building of local public servants. This is becoming even more urgent due to local government elections, when the number of the civil servants increases, for whom, along with other officials, it will be vital to develop professional abilities and knowledge through training and continuous professional development.

In 2014 and subsequent years, the Ministry of Regional Development and Infrastructure and the LEPL Vano Khukhunaishvili Center for Effective Governance System and Territorial Arrangement Reform ("CEGSTAR") - with financial and technical assistance of international donors (Swiss Agency for Development and Cooperation (SDC), the Austrian Development Agency (ADA), United Nations Development Programme (UNDP)) - is going to conduct a multi-module training cycle for civil servants employed in local self-governments and regional administrations, according to an Action Plan already approved by the Ministry of Regional Development and Infrastructure.

Indicative Budget:

400.000 US Dollars

(Note: Funding of donors – SDC, ADA, UNDP may increase in 2015-2017 due to other

adjacent components of the project and/or their combination)

Implementing body: Ministry of Regional Development and Infrastructure / „CEGSTAR“;
(SDC, ADA, UNDP).

2015-2017 Regional Development Programme of Georgia Guideline Form for supporting the Monitoring of the Programme (Annex 2)

Priorities		
Measure		
Rationale		
Objectives		
Activities/Sub-activities		
Target Areas, Groups, Sectors		
Indicators & Targets	Outputs:	Results:
Financial Summary	Total value by year	Budget Code
Period & terms		
Implementing Body		

MONITORING PLAN

For the Implementation of “Regional Development
Programme of Georgia 2015-2017”

*26.12.2014 Government
Commission on Regional
Development of Georgia*

Regional Development Programme of Georgia 2015-2017

Monitoring Plan

This proposal sets out further¹ a monitoring mechanism for the effective implementation and management of the Regional Development Programme 2015- 2017 (RDP) which specifies the main objectives and priorities of Georgia’s regional development policy and the relevant measures to be implemented by line Ministries and agencies. The development of such monitoring mechanism is one of the conditions of the Financing Agreement between the EU Commission and the Government of Georgia on financing the programme Support to Regional Development Phase Support for Georgia for the period 2014 – 2016 signed on 18 of November 2014.

1. Introduction

The implementation of the RDP 2015-2107 is a complex issue and needs a strong and efficient system of coordination. This requires the cooperation and involvement of “*those ministries and state institutions whose activities may have an impact on the regional development of the country*”². Efficient management and coordination systems include programming, implementation, monitoring and evaluation, financial management and control. The creation and functioning of such a comprehensive system is dependent on several factors, which should be carefully taken into account: in particular system of governance and the capacity of the whole administration participating in the implementation of the RDP.

2. Role of monitoring

The monitoring system of the RDP should be seen as one of the crucial elements of its management cycle: it should produce valuable monitoring data for the preparation of reports containing analysis of performance and the quality of operations done in the context of the RDP. Monitoring reports prepared at different levels of management (project, measure, programme) should allow, if necessary, for decisions on preventative or corrective action to be taken in order to achieve the results foreseen in the RDP.

The RDP is a medium term operational tool of Georgian regional policy, but at the same time it should have a valuable pilot and demonstration

¹ GoG Decree #1215, July 9, 2014 defines the basics of the Monitoring process for RDP implementation;

² Regional Development Programme of Georgia, 2015-2017, adopted by the Government of Georgia in July 2014

role for the whole administration in the context of applying EU standards to the management and implementation of various development programmes. To that end, this document therefore also provides:

- a reference point for the preparation of the overall system of monitoring of public expenditure and its results in relation to the strategic goals and indicators set at National level and
- a reference point for the monitoring of expenditures and their effects under the system of implementation of regional development strategies.

3. Obligations concerning the monitoring system for the RDP

The preparation and subsequent implementation of the RDP form an important part of conditions of the EU budgetary support for Georgia for the period 2014-2016. To prepare and implement the RDP successfully, there is a need to propose and implement a system of monitoring the progress of its realisation and the achievement of the expected results. This was acknowledged by a set of conditions defined in Annex 1 to Financing Agreement, part of which directly relates to the establishment and functioning of a system of monitoring of the RDP. In addition, separate conditions are set for preparing and discussing an interim evaluation of the RDP programme as well setting the key data set for the monitoring and evaluation information system.

The Annex 1 to Financial Agreement and in particular annex its 3: Policy Reform matrix sets the following conditions related directly to monitoring:

2014:

- An effective monitoring mechanism for the implementation of the RDP is elaborated under the supervision of the Ministry for Regional Development and Infrastructure, and endorsed by the GCRD.
- The GCRD identifies and approves the key data set for the monitoring and evaluation information system (including relevant sources of information allowing the evaluation of the socio-economic situation in the regions)

2015-2016

- Monitoring data on the implementation of the RDP is collected in accordance with the developed monitoring plan.
- GCRD semi-annual monitoring reports will include (1) the presentation of RDP specific results so far achieved, (2)

regional policy related annual budget allocations as reflected in the programmes of line ministries involved in the RDP and (3) recommendations, if any, for specific RDP improvements together with related responsibilities and time schedules.

- The requirement to prepare comprehensive reports at the level of the whole RDP imposes an obligation on all line ministries and implementing bodies to be actively involved in collecting information, analysing and commenting on the implementation of the RDP in their respective areas of the competence.

4. What is to be monitored?

The subject of monitoring under the RDP is:

- a) progress in implementation of the RDP at the level of the measures in relation to set output and financial indicators (as set out in the measure sheets)
- b) progress in achieving the expected results set up at the level of measures (on the basis of result indicators).
- c) progress in achieving regional cohesion as defined in the RDP by two specific objectives:
 - a. Support to economic development and creation of new jobs in regions with low levels of employment;
 - b. Improvement of living standards especially in rural and underdeveloped areas.

In parallel at regional level Regional Consultative Councils (RCC) review their Regional Development strategies and Action Plans vis-à-vis the RDP.

5. Reporting system of RDP

The system of reporting under the RDP consists of:

- (a) RDP annual implementation reports;
- (b) RDP mid-year progress reports;
- (c) 6-monthly information sheets on the progress in implementation of the measures (sub-measures).
- (d) 6 monthly information sheets on the progress in implementation of the Regional Development Fund.

(a) RDP annual implementation reports

Every year the Ministry of Regional Development and Infrastructure shall prepare, with the support of the special Inter-Ministerial Working Group for the Monitoring of 2015-2017 Regional Development Program of Georgia;³ the draft RDP Annual Implementation Report. This report is to be based on the information provided by:

- Ministries responsible for implementation of measures (sub-measures) as identified in the measure sheet (see also annex 5);
- Implementing agencies and direct beneficiaries;
- The National Statistics Office of Georgia.

For reporting purposes of the implementing ministries, the Ministry of Finance shall ensure verification of the information in relation to the state budget expenditure if it is in compliance with the plans envisaged under the Annual Budget and its performance data.

In relation to the assessment of progress in regional cohesion in Georgia also can take into account interim evaluation and other relevant analysis and studies' findings.

The annual implementation report for each reporting year shall be submitted for discussion and approval by the GCRD no later than 30rd April of the following year. After adoption of the RDP annual implementation report by the GCRD, acting as the Monitoring Committee (see below), the report is published on the MRDI website in order to provide the opportunity for consultation with other key stakeholders.

The annual reports shall contain:

- the key information about the implementation of the programme in the previous calendar year (and from the start of the programme), the level of achievement of its objectives and the progress (physical and financial) in the implementation of the individual measures.
- an analysis of the progress in achieving regional cohesion objectives as defined in the RDP, observed through the relevance of the RDP objectives and priorities, and infrastructure/facilities/support services made available to the population in each of the 5 priority areas set in the RDP,

³ Inter- Ministerial Working Group for the Monitoring of 2015-2017 Regional Development Program of Georgia was established by the decision of the Governmental Commission on the Regional Development - GCRD on 20.10.2014. The group is consisting of representatives of member institutions of the GCRD.

- an analysis of factors influencing the progress in achievement of objectives and targets set at measure level (including macro- economic conditions, financial issues, administrative capacity, legal framework, etc.).
- recommendations in regard to the relevance of the content of the RDP, possible future revision of the RDP and regional policy/priorities and actions to be taken by the relevant authorities to support management and implementation of the programme including where relevant timetables.

The RDP Annual Report to be submitted in 2018 shall also assess the overall result of the 3 year implementation period of the RDP. It should also summarise the findings of all evaluations of the programme as well as relevant analyses and studies and propose recommendations for regional policy, including proposal for the future regional development programmes to be implemented in Georgia. The deadline for the submission of this report to the GCRD is 30rd April 2018.

For the template of a RDP Annual Report see Annex 1.

(b) RDP mid-year progress reports

In addition to the RDP Annual Implementation Report the Ministry of Regional Development and Infrastructure, with the support of the special Inter-Ministerial Working Group for the Monitoring of 2015-2017 Regional Development Program of Georgia, shall prepare the RDP mid-year progress report. This report should be based on the information provided by ministries responsible for implementation of measures (sub-measures), by relevant implementing agencies and direct beneficiaries, the National Statistics Office of Georgia.

The report shall be prepared and submitted for discussion and approval by the GCRD no later than 31st of October each year. RDP

mid-year progress reports shall contain:

- key information about the implementation of the programme, progress towards achievement of its objectives and progress in the implementation (physical and financial) of the individual measures;
- an analysis of factors influencing the progress in achievement of objectives and indicators set at measure level (including macro-economic conditions, financial issues, administrative capacity, legal framework, etc.).
- recommendations in regard to the content of the RDP and actions to be taken by the relevant authorities to

support implementation of the programme including time schedules.

For the template of a RDP mid-year progress report see Annex 2.

(c) 6 monthly information sheets on the progress in implementation of the measures (sub-measures).

Each implementing agency or body in charge of implementation (in some cases directly relevant ministries) shall prepare 6 monthly information sheet concerning the progress of implementation of the measures (sub-measures) for which they are responsible for. The information should be based on data gathered during the process of implementation of projects realised under the relevant measures (sub-measures). The information sheet shall be submitted to the Ministry of Regional Development and Infrastructure after the approval of the relevant minister in charge, no later than one month after the end of the reporting period. **The 6 monthly information sheet shall** contain the key information about the implementation of the individual measures (sub-measures) in relation to (the output and financial indicators defined for the measure in question and an analysis of factors influencing the progress of implementation at measure (sub-measure) level (including macro-economic conditions, financial issues, administrative capacity, legal framework, contracting process, etc. The report may include recommendations in regard to the implementation of the measures(sub-measures).

For the template of 6 monthly information sheet on the progress in implementation of the measures (sub-measures) see Annex 3.

(a) 6 monthly information sheet on the progress in implementation of Regional Development Fund

In order to allow for measuring and assessing the effects of the Regional Development Fund to be implemented in the Regions of Georgia (RDF) in the context of the RDP objectives, MRDI (unit in charge of the RDF implementation) shall prepare 6 monthly information sheet on the progress of its implementation.

The information should be based on data gathered during the process of implementation of projects realised under RDF and information provided by Municipalities, Governors and Regional Advisory Councils. It shall be produced no later than one month after the end of the reporting period. The 6 monthly information sheet on the progress of implementation of the RDF shall contain the key information about the implementation of the fund in relation to its priorities and output and financial indicators established

for it together with an analysis of factors influencing the progress of its implementation (including macro-economic conditions, financial issues, administrative capacity, legal framework, contracting process, etc.) and recommendations in regard to the implementation of the RDF and actions to be taken by the relevant authorities (MRDI, Governors, Municipalities, Regional Advisory Councils, others) and beneficiaries to support implementation of the RDF. Financial information shall be broken down by region.

In addition, the information sheet presented at the end of the year may include information on the progress in achieving development goals as defined in the relevant regional development strategy and Action Plans and its contribution to achievement of the RDP objectives together with recommendation concerning regional dimension of the RDP.

For the template of a 6 monthly information sheet on the progress in implementation of the Fund of the Projects to be Implemented in the Regions of Georgia see Annex 4.

Chart 1. The system of reporting under 2015-2017 Regional Development Programme

6. Monitoring the progress of the implementation of RDP at the level of measures - the role and types of indicators.

Progress in the implementation of the RDP is measured at the level of the individual measures in relation to the defined:

- physical output indicators and the targets set for them⁴;
- result indicators and targets set for them;
- financial indicators and targets referring to annual and 3 year planned and actual expenditure.

Detailed requirements for the data and information to be collected and provided in 6 monthly measure sheet in regard to each individual measure is provided in the annexes 5 (output indicators) and 6 (financial indicators).

6.1 Output Indicators

Output indicators are directly linked with the type of investment (activities) to be financed at the level of an individual projects under a given measure. Measurement of the progress in achievement of the target for the output indicators shall be made every 6 months on the basis of data provided in 6 monthly information sheets provided by the implementing agencies or bodies responsible for implementation and additional information provided by the relevant ministries and agencies.

Assessment of the progress is made against the targets set in the relevant measure sheet for the whole period of the realisation of the RDP (2015-2017).

Basic indicators to show physical progress at the level of the measure are:

- number of provided services or goods (depending on the type of measure);
- % of achieved target value set for the RDP implementation period.

In cases where it was not possible to set in the measure sheets *a priori* target values for output indicators, progress is be measured only as a number of provided services or goods.

⁴ Note that current version of measure sheets lacks still quantified targets to be achieved – this should be added at the later stage once the final budget figures are known.

6.2 Result indicators

Result indicators should capture the change which follows the implementation of projects or their group (measure in this case). They should directly relate to the expected results of the implementation of the given measure.

Assessment of the progress of the RDP in achieving expected results at the level of individual measures shall be done only annually in the annual RDP report on the basis of information provided by the implementing agencies, line ministries or other relevant institutions and also, when relevant, evaluation findings.

Because it was not possible to quantify result indicators in the majority of cases it is expected that the analysis of the achievements of the results done in the RDP Annual Implementation Report will be mostly qualitative in character. However, for those measures for which baseline and targets were set, the simplest indicator to show the progress in achieving expected results is % of the achieved target value set for the whole 3 year implementation period.

6.3 Financial indicators

Financial indicators should show the progress of implementation of the RDP measures in financial terms. The planned financial disbursement for each year of implementation (2015, 2016, 2017) and a budgetary code relevant for the type of investment (activities) to be implemented under a given measure, will be established annually in the relevant year's Budget Law.

The financial plan of the RDP prepared on the basis of multiannual Basic Data and Directions Document and budgets of individual institutions responsible for implementation of measures is shown in the annex 7. The Plan is the basis for financial monitoring of the RDP. Targets for individual years should be revised every year and updated according to the accepted annual budget by the MRDI.

Assessment of progress in implementation of the RDP in financial terms will be done on the basis of the data provided by the implementing agencies or bodies in their 6 monthly information sheets and additional information provided by the relevant ministries and agencies.

The key financial indicators at measure level for the RDP are:

- total allocation for year and for RDP implementation period;

- total financial disbursement for year and for RDP implementation period;
- % financial disbursement for year and for RDP implementation period. Annex 1 of

the Financing Agreement sets following financial targets:

- For 2015 (in relation to the 2nd instalment) annual actual expenditure under the RDP should be within 70% of the overall public/budgetary expenditure foreseen for the year in question
- For 2016 (in relation to the 3rd instalment) annual actual expenditure under the RDP should be within 80% of the overall public/budgetary expenditure foreseen for the year in question

7. Evaluation of the effects of the RDP implementation in the context of overall regional development objectives.

Influence of the realisation of the RDP on regional policy objectives can be measured effectively only when taking into account longer perspective. The report prepared for 2018 should contain the qualitative assessment of the overall results of the programme achieved during 3 year implementation period. Assessment should be made in relation to the objectives set in the RDP 2015-2017:

- a) support to economic development and creation of new jobs in regions with low levels of employment;
- b) improvement of living standards especially in rural and underdeveloped areas.

As RDP doesn't set specific objectives indicators, nor target values, the assessment of the overall contribution of the programme to regional cohesion objectives should be done primarily on the basis of evaluations and possibly additional studies and analyses and combined with information collected from different sources (Ministries, agencies, Georgian Statistical Office, etc). Data requirements for regional analysis and evaluation of the impact of the RDP are set out in the separate document "Key data set for regional analysis and RDP evaluation". .

From a more strategic perspective, the impact of the realisation of the RDP on regional development objectives should be the subject of evaluations done after the completion of the implementation of the programme, i.e. after 2017.

At the end of the RDP implementation a review of regional statistics should be prepared and published drawing on both the initial update of regional disparities and the interim evaluation of RDP implementation to be done in 2017. The review should include recommendations for any necessary changes to the collection of socio-economic data in Georgia.

8. Institutional system of monitoring. Who does what?

8.1 Governmental Commission on Regional Development ¹

The Governmental Commission on Regional Development is playing the role of the Monitoring Committee for the RDP 2015-2017. The Commission shall meet at least twice a year to review the progress of the programme and to ensure regular consultation with stakeholders (ministries, implementing bodies and other partners) involved in implementation of RDP measures (sub-measures) and RDF.

The review of the implementation of the programme is based on the mid-year and annual reports submitted by the Ministry of Regional Development and Infrastructure. The Commission shall also consider progress on regional cohesion as a part of the RDP Annual Report.

On the basis of adopted reports the GCRD may issue recommendations for the MRDI, line ministries and relevant implementing agencies in order to increase the effectiveness and efficiency of the implementation of the RDP and its individual measures and updating objectives, priorities and way of implementation of the overall regional policy in Georgia .

For supporting the process of preparation monitoring reports and facilitating decisions made at the GCRD in regard to the RDP implementation in October 2014 GCRD established **Inter- Ministerial Working Group for the Monitoring of 2015-2017 Regional Development Program of Georgia**. The group consists of representatives of ministries and institutions – members of the GCRD.

8.2 Ministry of Regional Development and Infrastructure

The Ministry of Regional Development and Infrastructure is responsible for the preparation of drafts of semi-annual and annual implementation reports of the RDP 2015-2017, as prescribed by the GoG Decree #1215, July 9/2014 and relevant 6 monthly information sheets related to their direct implementing responsibilities. In realisation of those tasks the MRDI is supported by the Inter-Ministerial Working Group for the Monitoring of 2015-2017 Regional Development Program of Georgia established by GCRD. Semi-annual and annual implementation reports after acceptance of the Minister of Regional Development and Infrastructure are submitted to the GCRD for approval and issuing of recommendations if considered appropriate.

¹In view of the creation recently of the State Commission on Regional Development and Local Self-Governmental Reform chaired by the Prime Minister and gathering all ministers, tasks of this body in relation to the monitoring and reporting system of the RDP should be soon clarified

Within MRDI a special Unit will be responsible for the preparation of these draft documents and for supporting GCRD in regard to monitoring process and issuing recommendations concerning RDP. This Unit would also be responsible for cooperation with other ministries and agencies (including the National Statistics Office of Georgia) in adapting further the EU regional development planning practices and developing respective monitoring and evaluation standards according to EU good practice.

With time - building broader administrative capacity and developing monitoring and evaluation standards according to the EU practice - this Unit being part of the bigger department, can grow and realise more tasks, and not only in relation to supporting the monitoring of the RDP as presented in this Plan, but also in relation to immediate monitoring of other development programmes, including those possibly co-financed by the EU.

8.3 Lineministries

All ministries responsible for the implementation of the measures (sub-measures) realised under the RDP shall submit to the MRDI 6 monthly information sheets concerning the progress in implementation of measures (sub-measures) they are responsible for. They should also actively participate in the works of the GCRD and the process of analysing effects of the RDP and relevant measures on the basis of the semi-annual and annual reports.

8.4 Implementingagenciesorbodies

All implementing agencies or bodies which are responsible for implementation of measures or sub-measures and RDP, realised under the RDP are responsible for preparation of the 6 monthly information sheets. They should also be active in monitoring implementation of their relevant measures and preparation of recommendations for its effective implementation.

9. Strengthening of human resources dealing with monitoring

The system of monitoring and evaluation of the RDP requires substantial enhancement of existing human resources across all implementing bodies in regard to the collection of data and its interpretation in order to respond to the monitoring requirements set out in the RDP monitoring Plan.

The target group for respective trainings would be people directly involved in the preparation of Annual and semi-annual reports on the side of MRDI and 6 monthly implementation sheets on the side of relevant ministries. People to be trained should be identified by GCRD Working Group and MRDI.

Identification of people dealing directly with monitoring would also allow in due course for the preparation in the framework of training components in the future EU technical assistance projects, which should be tailored directly to strengthen of the monitoring and evaluation capacity of the administration in regard to all public policies implemented in Georgia. This should be however regarded as a long term task connected with harmonization of Georgian administration practice with EU standards.

Annex 1. Template of the RDP annual implementation report

Part 1. Information required in all years 1. Identification

of the RDP annual report

Reporting year	
Institution in charge of preparation of the	
Date of Approval of the report by the MRDI	
Date of approval of the report by the Governmental Commission on Regional Development	

2. Key information on the implementation of the RDP 2015-2017 in the reporting year

Section 1. Overview of the implementation of the RDP 2015-2017 in the reporting year

In this section general comments on the implementation of the RDP in the reporting year should be given in reference to the established objectives, output and financial indicators (see annex 5 and 6) at the level of individual measures. Section should summarise and describe progress on the basis of tables and information presented in the section 2, 3 and 4.

Section 2. Progress in implementation of the RDP 2015-2017 at the level of measures in relation to the set output and financial indicators

Table 1. Progress in implementation of the RDP 2015-2017 according to set output indicators by measure

No	Measure	Output indicators												Cumulative value up to date
		Indicator (for the list of indicators see annex 5)	Measurement Unit	Target value for the end of 2017 (if defined)	2015			2016			2017			
					I half	II half	Cumulative	I half	II half	Cumulative	I half	II half	Cumulative	
1.	Measure 1	Indicator 1												
2.		Indicator 2												
3.	Measure 2	Indicator 3												
4.	Measure ...	Indicator 4												
	RDF	Indicator x												
		Indicator y												
		Indicator z												

Table 2. Progress in implementation of the RDP 2015-2017 according to financial indicators by measure and budgetary code

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
No	Measure	Relevant budget codes	Estimated expenditure at the end of the RDP realisation (end of 2017) see annex 7 M Lari /	Financial indicator												Cumulative expenditure up to date
				Target value (according to the approved Annual Budget?) M Lari/%	2015			Target value (according to the approved Annual Budget?) M Lari/%	2016			Target value (according to the approved Annual Budget?) M Lari/%	2017			
					I half	II second half	Cumulative		I half	II second half	Cumulative		I half	II second half	Cumulative	
	Measure 1															
			100%	100%	%e	%e	%e	100%	%i	%i	%i	100%	%m	%m	%m	% d
	Measure 2															
			100%	100%	%e	%e	%e	100%	%i	%i	%i	100%	%m	%m	%m	% d
	Measure ...															
			100%	100%	%e	%e	%e	100%	%i	%i	%i	100%	%m	%m	%m	% d
	Regional Development Fund															
			100%	100%	%e	%e	%e	100%	%i	%i	%i	100%	%m	%m	%m	% d
	Total															
			100%	100%	%e	%e	%e	100%	%i	%i	%i	100%	%m	%m	%m	% d

Section 3. Progress in achieving regional cohesion objectives as defined the RDP.

Description of the progress made during last year in relation to objectives set in RDP 2015-2017:

- c) support to economic development and creation of new jobs in regions with low levels of employment
- d) improvement of living standards especially in rural and underdeveloped areas.

Description should be based on qualitative assessment of trends in regional cohesion processes. Basis for this assessment are progress in implementation of individual measures based on result indicators (table 3) and assessment of its relevance to the achievement of the overall objective of the RDP Programme. In addition could be used available evaluations, analyses and studies made during the reporting year.

Table 3. Progress in implementation of the RDP 2015-2017 according to result indicators

No	Measure	Result indicators						
		Indicator (according to measure sheet)	Measurement Unit	Target Value for 2017 (if setup)	2015	2016	2017	Cumulative value up to date
1.	Measure 1	Indicator 1						
2.	Measure 2	Indicator 2						
3.		Indicator 3						
4	Measure ...	Indicator...						

Section 4. Analysis of factors influencing the progress in achievement of objectives and financial and physical targets set at measure level

The reference should be made to the overall socio-economic environment, financial situation of the state budget and public finances in general, administrative capacity, coordination between funds and donors, significant problems encountered during the implementation and the way of tackling them.

Section 5. Recommendations concerning management, implementation and programming of RDP 2015-2017

Recommendations concerning ways of improving the quality and overall coordination, management and implementation of various measures. Addressees of the recommendations could be the whole system of regional policy coordination in Georgia, ministries and implementing bodies in charge of individual measures.

Recommendations can be also be formulated in regard to the relevance of the content of the RDP, possible future revision of the RDP and regional policy/priorities and actions to be taken by the relevant authorities to support management and implementation of the programme including where relevant timetables.

Part II. Additional information required for 2018 RDP Monitoring Report

Section 5. Overall result of the 3 year implementation period

Assessment of the overall results of the programme achieved during 3 year implementation period. Summary of findings of the interim-evaluation and any other analysis or study undertaken in connection with the programme objectives and its implementation. Recommendations concerning improvement of effectiveness and efficiency of the regional development policy and realisation of future regional development programmes in Georgia.

Annex 2. Template of the RDP mid-year progress report.

1. Identification of the RDP mid-year progress report

Reporting Period	(I or II half of the reporting year)
Institution in charge of preparation of the Date of approval of the report by the MRDI Date of approval of the report by the Governmental Commission on Regional Development	

2. Key information on the implementation of the RDP 2015-2017 in the reporting period

Section 1. Overview of the implementation of the RDP 2015-2017 in the reporting period

In this section general comments on the implementation of the RDP in the reporting period should be given in reference to the established objectives, financial and output indicators (see annex 5 and 6) at the level of measures. Section should summarise and describe progress on the basis of tables and information presented in the section 2 and 3.

Section 2. Progress in implementation of the RDP 2015-2017 in the reporting period at the level of measures in relation to the set output and financial indicators

Table 2. Progress in implementation of the RDP 2015-2017 in the reporting period according to output indicators by measure

No	Measure	Output indicators												Cumulative value up to date	
		Indicator (for the list of indicators see annex 5)	Measurement Unit	Target value for the end of 2017 (if defined)	2015			2016			2017				
					I half	II half	Cumulative	I half	II half	Cumulative	I half	II half	Cumulative		
1.	Measure 1	Indicator 1													
2		Indicator 2													
3	Measure 2	Indicator 3													
4	Measure 3	Indicator 4													
	RDF	Indicator X													
		Indicator Y													
		Indicator Z													

Table 3. Progress in implementation of RDP 2015-2017 in the reporting period according to financial indicators by measure and budgetary code

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	A
No	Measure	Relevant budget codes	Name of the Relevant Budget Code or Activity	Financial indicator													Cumulative expenditure up to date
				Estimated expenditure at the end of the RDP realisation (end of 2017) see annex 6 M Lari / %	2015			2016			2017						
					Target value M Lari/%	Actual expenditure M I half	II second half	Cumulative	Target value M Lari/%	Actual expenditure I half	II second half	Cumulative	Target value M Lari/%	Actual expenditure M Lari / I half	II second half	Cumulative	
1	Measure 1																
2				100%	100%	%e	%e	%e	100%	%i	%i	%i	100%	%m	%m	%m	% d
3	Measure 2																
4				100%	100%	%e	%e	%e	100%	%i	%i	%i	100%	%m	%m	%m	% d
5	Measure ...																
6				100%	100%	%e	%e	%e	100%	%i	%i	%i	100%	%m	%m	%m	% d
	Regional Development Fund																
				100%	100%	%e	%e	%e	100%	%i	%i	%i	100%	%m	%m	%m	% d
	Total																
				100%	100%	%e	%e	%e	100%	%i	%i	%i	100%	%m	%m	%m	% d

Section 3. Analysis of factors influencing the progress in achievement of objectives and financial and physical targets set at measure level in reporting period

The reference should be made to the overall socio-economic environment, financial situation of the state budget and public finances in general, administrative capacity, coordination between funds and donors, significant problems encountered during the implementation and the way of tackling them.

Section 4. Recommendations concerning management, implementation and programming of RDP 2015-2017

Recommendations concerning ways of improving the quality and overall coordination, management and implementation of various measures. Addressees of the recommendations could be the whole system of regional policy coordination in Georgia, ministries and implementing bodies in charge of individual measures.

Annex 3. Template of 6 monthly information sheet on the progress in implementation of the measures (sub- measures) to be filled in by implementing agencies and bodies.

1. Identification of 6 monthly information sheet

Reporting period Measure (sub-measure) Institution in charge of preparation of information sheet Date of approval of the report by the Ministry in charge	First or second half of the reporting year
--	--

2. Key information on the implementation of the measure in reporting period

Section 1. Overview of the implementation of the measure in the reporting period

In this section general comments on the implementation of the measure in the reporting period should be given in reference to the established output indicators (see annex 5) and financial indicators (see annex 6). Section should summarise and describe progress on the basis of tables and information presented in the section 2 and 3.

Section 2. Progress in implementation of the measure in relation to set output and financial indicators

Table 1. Progress in implementation of the measure in reporting period – output indicators

No	Measure	Output indicators												Cumulative value up to date
		Indicator (for the list of indicators see annex 5)	Measurement Unit	Target Value for 2017 (if defined)	2015			2016			2017			
					I half	II half	Cumulative	I half	II half	Cumulative	I half	II half	Cumulative	
1.	Measure	Indicator 1												
		Indicator 2												
		Indicator....												

Table 1.1 Progress in implementation of the measure in reporting period By Regions – output indicators

Measure	Region	Indicator	Measurement Unit	2015			2016			2017			2015-2017			Comment
				I half	II half	cumulative	I half	II half	cumulative	I half	II half	cumulative	I half	II half	cumulative	
	Guria															
	Imereti															
	Kakheti															
	Mtskheta-Mtianeti															
	Racha-lechkhumi, Kvemo Svaneti															
	Samegrelo, Zemo Svaneti															
	Samtskhe-Javakheti															
	Kvemo Kartli															
	Shida Kartli															

Table 2. Progress in implementation of the measure in reporting period – financial indicators

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
No	Measure	Relevant budget codes	Estimated expenditure at the end of the RDP realisation (end of 2017) see annex 6 M Lari /	Financial indicator												Cumulative expenditure up to date
				Target value M Lari/%	2015			Target value M Lari/%	2016			Target value M Lari/%	2017			
					Actual expenditure M Lari / %				Actual expenditure M Lari /				Actual expenditure M Lari /			
					I half	II second half	Cumulative		I half	II second half	Cumulative		I half	II second half	Cumulative	
Measure			100%	100%	%e	%e	%e	100%	%i	%i	%i	100%	%m	%m	%m	%d

Table 2.1 Progress in implementation of the measure in reporting period by Regions – financial indicators

Measure	Region	Budget Code	Name of the Relevant Budget Code or Activity	2015			2016			2017			2015-2017			Comments
				I half	II half	cumulative	I half	II half	cumulative	I half	II half	cumulative	I half	II half	cumulative	
	Guria															
	Imereti															
	Kakheti															
	Mtskheta-Mtianeti															
	Rachalechkhumi, Kvemo Svaneti															
	Samegrelo, Zemo Svaneti															
	Samtskhe-Javakheti															
	Kvemo Kartli															
	Shida Kartli															

Section 3. Analysis of factors influencing the progress in achievement of financial and physical targets set at measure level

Analysis of factors influencing the process of implementation of the measure. The reference can be made to the overall socio-economic environment, financial situation of the state budget and public finances in general, administrative capacity, coordination between funds and donors, cooperation with relevant Ministries and beneficiaries, significant problems encountered during the implementation and the way of tackling them.

Section 4. Recommendations concerning management, implementation and programming of the measure

Recommendations concerning ways of improving the quality and overall coordination, management and implementation of the relevant measures. Addressees of the recommendations could be the whole system of regional policy coordination in Georgia, ministries and implementing bodies in charge of individual measures.

Annex 4. Template of 6 monthly information sheet on the progress in implementation of the Fund of the Projects implemented in the Regions of Georgia (Regional Development Fund- RDF).

1. Identification of 6 monthly information sheet on the progress in implementation of RDF

Reporting period	First or second half of the reporting year
Institution in charge of preparation of information sheet	
Date of Approval of the report by the MRDI	

2. Key information on the implementation of RDF in reporting period

Section 1. Overview of the implementation of RDF in the reporting period

In this section general comments on the implementation of the RDF in the reporting period should be given in reference to established output (see annex 5) and financial indicators (see annex 6) as well regional dimension. Section should summarise and describe progress on the basis of tables and information presented in the section 2.

Section 2. Progress in implementation of RDF in relation to the set output and financial indicators

Table 1. Progress in implementation of the measure in reporting period – output indicators

No	Measure	Indicator	Measurement Unit	Target Value for 2017 (if defined)	Output indicators									Cumulative value up to date
					2015			2016			2017			
					I half	II half	Cumulative	I half	II half	Cumulative	I half	II half	Cumulative	
	Region 1	Indicator X												
		Indicator Y												
		Indicator Z												
	Region 2	Indicator X												
		Indicator Y												
		Indicator Z												
Region		Indicator X												Region ...
		Indicator Y												
Total		Indicator X												Total
		Indicator Y												

Table 2. Progress in implementation of the Fund of Projects according to financial indicators by measure and budgetary code

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
No	Region	Relevant budget codes	Estimated expenditure at the end of the RDP realisation (end of 2017) See annex 6 M Lari/	Financial indicator												Cumulative expenditure up to date
				Target value M Lari/%	2015			Target value M Lari/%	2016			Target value M Lari/%	2017			
					Actual expenditure M Lari / %				Actual expenditure M Lari /				Actual expenditure M Lari /			
					I half	II second half	Cumulative		I half	II second half	Cumulative		I half	II second half	Cumulative	
	Region 1															
			100%	100%	%e	%e	%e	100%	%i	%i	%i	100%	%m	%m	%m	% d
	Region 2															
			100%	100%	%e	%e	%e	100%	%i	%i	%i	100%	%m	%m	%m	% d
	Region															
			100%	100%	%e	%e	%e	100%	%i	%i	%i	100%	%m	%m	%m	% d
	Total															
			100%	100%	%e	%e	%e	100%	%i	%i	%i	100%	%m	%m	%m	% d

Section 3. Analysis of factors influencing the progress in achievement of financial and physical targets set for RDF

Analysis of factors influencing the process of implementation of RDF. The reference can be made to the overall socio-economic environment, financial situation of the state budget and public finances in general, administrative capacity, coordination between funds and donors, cooperation with relevant Ministries and beneficiaries, significant problems encountered during the implementation and the way of tackling them.

Section 4. Recommendations concerning management, implementation and programming of RDF

Recommendations concerning ways of improving the quality and overall coordination, management and implementation of the RDF. Addressees of the recommendations could be the whole system of regional policy coordination in Georgia, relevant part of the RDP 2015-2017, coordinating institutions at the level of the government, relevant Governors and/or Regional Advisory Council, individual implementing agencies in charge of measures or beneficiaries.

Annex 5. Detailed requirements concerning data and information to be collected and provided in measure sheets in regard to each individual measure.

Table 1. The list of output indicators

No	Measure	Name of indicator	Measurement Unit	Target value (to be set up by ministries in charge)	Source of data	Institution responsible for preparation/acceptance of 6 monthly information sheet
1	1.1 Roads of international and national importance	Rehabilitation – periodical maintenance works on roads	km		MRDI Roads Department	MRDI
2		Construction of highway	km		MRDI Roads Department	MRDI
3		Bridges rehabilitation/construction	units		MRDI Roads Department	MRDI
4	1.2 Solid Waste Management	Number of new dumps	unit		Solid Waste Management Company	MRDI
5		Number of old closed dumps	units		Solid Waste Management Company	MRDI
6		Number of rehabilitated dumps	units		Solid Waste Management Company	MRDI
7		Area of new dumps opened	units		Solid Waste Management Company	MRDI
8		Area of old closed dumps	ha		Solid Waste Management Company	MRDI
9		Area of rehabilitated dumps	ha		Solid Waste	MRDI

					Management Company	
10	1.3 Construction and rehabilitation of water supply and sewerage systems	Number of constructed and rehabilitated head works	Units		United Water Supply Co	MRDI
11		Number of constructed filtration facilities	Number		United Water Supply Co	MRDI
12		Number of metered new customers	Number		United Water Supply Co	MRDI
13		Length of rehabilitated or newly constructed sewerage system pipes	Km		United Water Supply Co	MRDI
14		Length of rehabilitated or newly constructed water supply pipes	Km		United Water Supply Co	MRDI
15		Number of new customers connected to the sewerage systems	Number		United Water Supply Co	MRDI
16		Number of new customers connected to the water supply system	number		United Water Supply Co	
17	1.4 Natural Disaster Risk Reduction and Protection and Management of Polluted areas of old Industrial sites	Analytical study on natural hazards forecasting including recommendations	number		Ministry of Environment	Ministry of Environment
18		Regional natural hazards/disasters forecasting early warning system	Number of regions		Ministry of Environment	Ministry of Environment
19		Municipal plans of preventive measures for natural hazards	Number		Ministry of Environment	Ministry of Environment
20		Coast fortification works	number of projects		Ministry of Environment	Ministry of Environment
21		Works to be carried out as the immediate response to natural disasters and prevention	number of projects		Ministry of Environment	Ministry of Environment

22		Amount of hazardous waste disposed safely	Tons		Ministry of Environment	Ministry of Environment
23	1.5 Georgia Forest Inventory and Implementation of a Stable Forestry Strategy	Number of normative documents (Legislative base established)	number		Ministry of Environment	Ministry of Environment
24		Number of trained specialists of National forest Agency	number		Ministry of Environment	Ministry of Environment
25		Improving sanitary conditions of forest	ha		Ministry of Environment	Ministry of Environment
26		Forest roads rehabilitation	km		Ministry of Environment	Ministry of Environment
27		Number of regional forestry districts equipped with fire-fighting tools	number		Ministry of Environment	Ministry of Environment
28	2.1 Supporting business in Georgia's regions through institutional and programming activities	Established new businesses	Number of businesses		Enterprise Development Agency	MoESD
29		Upgraded businesses	Number of Businesses		Enterprise Development Agency	MoESD
30		Value of loans issued by commercial banks within the programme	GEL		Enterprise Development Agency	MoESD
		Total investment of whom?	GEL		Enterprise Development Agency	MoESD
31		Micro and small businesses set up in regions (micro and small entrepreneurship support part)	Number		Enterprise Development Agency	MoESD
32		New jobs	number of persons		EDA	MoESD
33		Beneficiaries trained (micro and small entrepreneurship support part)	number of persons		EDA	MoESD
34	3.1 Improve agriculture	Number of rehabilitated and new	number		Ministry of	Ministry of Agriculture

	water management	irrigation projects			Agriculture	
35		Acreage of additional irrigated land plots	ha		Ministry of Agriculture	Ministry of Agriculture
36		Acreage of land with proper drainage system	ha		Ministry of Agriculture	Ministry of Agriculture
37	3.2 Improve access to finance	Number of new enterprises and farms financed through this program	number		Ministry of Agriculture	Ministry of Agriculture
38		Number of loans under this programme	number		Ministry of Agriculture	Ministry of Agriculture
39	3.3 Other rural development programs	Number of food and agribusiness enterprises monitored against food safety measures	number		Ministry of Agriculture	Ministry of Agriculture
40		Number of research projects completed or in pipeline	Number		Ministry of Agriculture	Ministry of Agriculture
41		Number of events financed through the Georgian wine promotional campaign	Number		Ministry of Agriculture	Ministry of Agriculture
42		Number of agriculture cooperatives formed	Number		Ministry of Agriculture	Ministry of Agriculture
43		Number of tests conducted for food safety and quality control	Number		Ministry of Agriculture	Ministry of Agriculture
44		Area of land prepared for demonstration plots	Ha		Ministry of Agriculture	Ministry of Agriculture
45	3.4 Develop the agriculture land market	Strategy for land registration	number		Ministry of Justice	Ministry of Justice
46		Legislation on land ownership	number		Ministry of Justice	Ministry of Justice
47	4.1. Tourism development	Number of regional studies completed	Number		Georgian National Tourism Administration	Ministry of Culture and Monument Protection
48		Number of information centres established	Number		Georgian National Tourism Administration	Ministry of Culture and Monument Protection

49		Number of training courses provided	Number		Georgian National Tourism Administration	Ministry of Culture and Monument Protection
50		Number of participants of training courses	Number		Georgian National Tourism Administration	Ministry of Culture and Monument Protection
51		Number of marketing activities	number		Georgian National Tourism Administration	Ministry of Culture and Monument Protection
52		Number of “tourism products” developed.	Number		Georgian National Tourism Administration	Ministry of Culture and Monument Protection
53	5.1 Labour Market Demand Survey	Labour Market Survey Prepared	number		Ministry of Labour, Health and Social Affairs	Ministry of Labour, Health and Social Affairs
54	5.2 Rehabilitation of Existing Colleges, Construction, Equipment and Staffing of New Regional VET Colleges	New regional colleges constructed/renovated, equipped and staffed to a specified level.	number		Ministry of Education and Science	Ministry of Education and Science
55		Number of existing colleges constructed/renovated, equipped and staffed to a specified level	number		Ministry of Education and Science	Ministry of Education and Science
56	5.3 Agriculture Related VET & Extension Systems	Trained VET teachers and extension workers	number		Ministry of Education and Science;	Ministry of Education and Science in cooperation with the UNDP;
57		Supported projects to improve learning environment (infrastructure, training materials, and equipment)	number		Ministry of Education and Science;	Ministry of Education and Science in cooperation with the UNDP;
58		VET colleges and Information Consultancy Centres which have introduced effective and innovative agriculture study programs and	number		Ministry of Education and Science;	Ministry of Education and Science in cooperation with the UNDP;

		capacity to deliver extension services in agriculture				
59		Trained persons providing VET services (veterinarians, zoo-technicians, food processors, agriculture, machinery operators, input suppliers and animal food producers)	number		Ministry of Education and Science;	Ministry of Education and Science in cooperation with the UNDP;
60		Creation of the public-private cooperation platform to ensure coordination of consultation service and provision of agricultural training and extension services	Number		Ministry of Education and Science;	Ministry of Education and Science in cooperation with the UNDP;
61	5.4 Training of VET Teachers and Continuous Professional Development	Formation of professional development system for VET teachers	number		National Center for Teacher Professional Development	Ministry of Education and Science
62		Number of teachers trained according to needs assessment analysis	number			
63		Number of trained teachers in a real working environment (enterprises)	Number		National Centre for Teacher Professional Development	Ministry of Education and Science
64	5.5 Training of Public Servants in the Regions	No of municipalities with effective HR policies	number		CEGSTAR/UNDP	MRDI
65		No of new training programmes (curricula)	number		CEGSTAR/UNDP	MRDI
66		No of joint actions of the training providers and municipalities implemented	number		CEGSTAR/UNDP	MRDI
67		No of persons/days of trainings organized	person-days		CEGSTAR/UNDP	MRDI
68		No of local officials trained (gender disaggregated)	number		CEGSTAR/UNDP	MRDI

69	Regional Development Fund	Roads construction/rehabilitation	km		RDF Department MRDI	MRDI
70		Water supply construction/rehabilitation	meters		RDF Department MRDI	MRDI
71		Water supply other infrastructure system construction/rehabilitation	number of projects		RDF Department MRDI	MRDI
72		KGs construction/rehabilitation	number of projects		RDF Department MRDI	MRDI
73		Sports facilities construction/rehabilitation	number of projects		RDF Department MRDI	MRDI
74		Culture facilities construction/rehabilitation	number of projects		RDF Department MRDI	MRDI
75		Street lighting	meters		RDF Department MRDI	MRDI
76		Bridges construction/rehabilitation	number of projects		RDF Department MRDI	MRDI
77		Coast fortification system construction/rehabilitation	meters		RDF Department MRDI	MRDI
78		Drainage system construction/rehabilitation in progress	meters		RDF Department MRDI	MRDI
79		Multi family dwelling construction/rehabilitation	number of projects		RDF Department MRDI	MRDI
80		Other infrastructure construction/rehabilitation	number of projects		RDF Department MRDI	MRDI

2015-2017 Regional Development Programme of Georgia Financial Table (December, 2015)

Priority/Measure	Budget Code	Name of the Budget Code	2015			2016*			2017*			2015-2017		
			Total	Budget Resources	Other	Total	Budget Resources	Other	Total	Budget Resources	Other	Total	Budget Resources	Other
1. Improvement of physical infrastructure and Environment Protection		Total Allocation for Priority 1												
1.1 Roads of international and national importance		Total Allocation for the measure 1.1												
	25 02 02 (except codes 25 02 02 05 and 25 02 02 07)	Construction and Maintenance of Roads												
	25 02 03	Construction of High Speed Highways												
1.2 Solid Waste Management		Total Allocation for the measure 1.2												
	25 03 08	Georgia Solid Waste												

		Management												
	25 03 09	The Integrated Solid Waste Management project of Kutaisi (EU, KFW)												
1.3 Water supply, sewage and waste water systems		Total Allocation for the measure 1.3												
	25 04 01	Kobuleti Sanitary Project (EBRD, ORET)												
	25 04 02	Water Infrastructure Upgrades (EIB)												
	25 04 03	Water Infrastructure upgrade project II (EIB, EU)												
	25 04 04	Sewage system sustainable management project (SIDA)												
	25 04 05	Urban Services Improvement Project (ADB)												
	25 04 06	Regional Water Supply Support												

		Activities												
1.4 Natural Disaster Risk Reduction and Protection		Total Allocation for the measure 1.4												
Sub-measure (a): Disaster Risk reduction	25 02 02 05	Works to be carried out as the immediate response to natural disasters and prevention												
	25 02 02 07	Coast fortification works												
Sub-measure (b): Old Polluted Industrial Sites	Part from the Code 38 00 (38 01 01)	mitigation of expenses and administrative costs of old industrial sites (Solid Waste Management)												
	38 07	Environment protection, monitoring, forecasting and prevention (only own resources)												

1.5 Georgia forest inventory and implementation of stable forest inventory		Total Allocation for the measure 1.5												
	38 04 02	Georgian Forest Save and restore												
	38 04 03	Forest Utilization Activities												
	38 04 04	Georgia forest inventory and stable forest management												
	38 04 05	Fire prevention measures												
2 - Supporting the Development of SMEs, and the creation of new jobs		Total Allocation for Priority 2												
2.1 Supporting business in Georgia's regions through the institutional and programming initiatives	24 01 03 02	Support to SMEs												
3. Rural Development		Total Allocation for Priority 3												

3.1 Modernisation of irrigation systems		Total Allocation for the measure 3.1												
	37 01 12 03	Irrigation and Drainage (WB)												
	37 01 03	Modernization of Melioration systems												
	37 01 12 04	Rehabilitation of irrigation system in Zemo Samgori (ORIO)												
3.2 Access to finance	37 01 07 Concessional Agro Credits	Total Allocation for the measure 3.2												
3.3 Other planned programmes for rural development		Total Allocation for the measure 3.3												
	37 01 05	Agricultural Cooperatives promoting activities												
	37 01 08	Supporting for Small Land Owner Farmers Spring activities vouchers												

	37 01 11	Co-financing agriculture products processing companies												
	37 01 12 01	Agriculture Supporting Activities (GEF,IFAD)												
	37 02	Food safety, plant protection and episodic safety												
	37 03	Development of viticulture												
	37 04	implementation of scientific research measures in agriculture												
3.4 Development of agricultural land market		Total Allocation for the measure 3.4												
	26 14	Within the WB Loan will be implemented the project Irrigation and Development of Land												

		Market” (Ministry of Justice												
4. Tourism Development		Total Allocation for Priority 4												
4.1 Promotion of Tourism	24 05 02	Support to tourism development												
5. Improvement of Human Capital and Development of Vocational Education Institutional Capacity at Sub National Level		Total Allocation for Priority 5												
5.1 Labour Market Demand survey	Part from the code 35 05 ***(35 05 01)	Monitoring of working conditions												
5.2 Rehabilitation of Existing Colleges; Construction, Equipment and Staffing of New Colleges	32 05 02 02	Development of Educational and scientific institutions infrastructure												

5.3 Agriculture Related VET and Extension Services***		Resources not listed in the State Budget ;No budgetary code													
5.4. Training of VET Teachers and Continuous Professional Development	From Code 32 02 02	Support to Teachers professional Development													
5.5 Training of Public Servants in the regions****		Resources not listed in the State Budget ;No budgetary code													
Activities of the Fund of Projects to be Implemented In the Regions of Georgia	Part from Code 58 08*****	Fund of Projects to be Implemented In the Regions of Georgia													
Total															

<i>*2016 and 2017 figures of the table are the subject of revision according to those years' approved budgets</i>
<i>**25 03 08 - Amounts allocated under this budget code are to be implemented by the Solid Waste Management Agency: in 2015 GEL 10 mln. are utilized under Measure 1.2, GEL 5mlm - under 1.4 b) - sub-measure</i>
<i>***35 05 - The whole allocation for 35 05 in the 2015 budget is: 2015 -4.0; 2016 -4.5 and 2017 - 4.5 M GEL , all from the state budget source</i>
<i>**** Amounts are allocated in USD but in this table recalculated in GEL according to the June 30, 2015 official exchange rate USD/GEL 2.2483</i>
<i>*****58 08 - In Pursuance to the Government of Georgia Decree #27 dated 15 January, 2015 on "Determining the Amount of Money to be allocated for the Implementation of Local Self-Government and Regional Projects". No allocations for 2016 and 2017 are foreseen for the Fund.</i>

MONITORING PLAN

**For the Implementation of “Regional Development
Programme of Georgia 2015-2017”**

*26.12.2014 Government
Commission on Regional
Development of Georgia*

Regional Development Programme of Georgia 2015-2017

Monitoring Plan

This proposal sets out further¹ a monitoring mechanism for the effective implementation and management of the Regional Development Programme 2015-2017 (RDP) which specifies the main objectives and priorities of Georgia's regional development policy and the relevant measures to be implemented by line Ministries and agencies. The development of such monitoring mechanism is one of the conditions of the Financing Agreement between the EU Commission and the Government of Georgia on financing the programme Support to Regional Development Phase Support for Georgia for the period 2014 – 2016 signed on 18 of November 2014.

1. Introduction

The implementation of the RDP 2015-2107 is a complex issue and needs a strong and efficient system of coordination. This requires the cooperation and involvement of *“those ministries and state institutions whose activities may have an impact on the regional development of the country”*². Efficient management and coordination systems include programming, implementation, monitoring and evaluation, financial management and control. The creation and functioning of such a comprehensive system is dependent on several factors, which should be carefully taken into account: in particular system of governance and the capacity of the whole administration participating in the implementation of the RDP.

2. Role of monitoring

The monitoring system of the RDP should be seen as one of the crucial elements of its management cycle: it should produce valuable monitoring data for the preparation of reports containing analysis of performance and the quality of operations done in the context of the RDP. Monitoring reports prepared at different levels of management (project, measure, program) should allow, if necessary, for decisions on preventative or corrective action to be taken in order to achieve the results foreseen in the RDP.

The RDP is a medium term operational tool of Georgian regional policy, but at the same time it should have a valuable pilot and demonstration

¹ GoG Decree #1215, July 9, 2014 defines the basics of the Monitoring process for RDP implementation;

² Regional Development Programme of Georgia, 2015-2017, adopted by the Government of Georgia in July 2014

role for the whole administration in the context of applying EU standards to the management and implementation of various development programmes. To that end, this document therefore also provides:

- a reference point for the preparation of the overall system of monitoring of public expenditure and its results in relation to the strategic goals and indicators set at National level and
- a reference point for the monitoring of expenditures and their effects under the system of implementation of regional development strategies.

3. Obligations concerning the monitoring system for the RDP

The preparation and subsequent implementation of the RDP form an important part of conditions of the EU budgetary support for Georgia for the period 2014-2016. To prepare and implement the RDP successfully, there is a need to propose and implement a system of monitoring the progress of its realisation and the achievement of the expected results. This was acknowledged by a set of conditions defined in Annex 1 to Financing Agreement, part of which directly relates to the establishment and functioning of a system of monitoring of the RDP. In addition, separate conditions are set for preparing and discussing an interim evaluation of the RDP programme as well setting the key data set for the monitoring and evaluation information system.

The Annex 1 to Financial Agreement and in particular annex its 3: Policy Reform matrix sets the following conditions related directly to monitoring:

2014:

An effective monitoring mechanism for the implementation of the RDP is elaborated under the supervision of the Ministry for Regional Development and Infrastructure, and endorsed by the GCRD.

The GCRD identifies and approves the key data set for the monitoring and evaluation information system (including relevant sources of information allowing the evaluation of the socio-economic situation in the regions)

2015-2016

Monitoring data on the implementation of the RDP is collected in accordance with the developed monitoring plan. GCRD semi-annual monitoring reports will include (1) the presentation of RDP specific results so far achieved, (2) regional policy related annual budget allocations as reflected in the programmes of line ministries involved in the RDP and (3) recommendations, if any, for specific RDP

improvements together with related responsibilities and time schedules.

The requirement to prepare comprehensive reports at the level of the whole RDP imposes an obligation on all line ministries and implementing bodies to be actively involved in collecting information, analysing and commenting on the implementation of the RDP in their respective areas of the competence.

4. What is to be monitored?

The subject of monitoring under the RDP is:

- a) progress in implementation of the RDP at the level of the measures in relation to set output and financial indicators (as set out in the measure sheets)
- b) progress in achieving the expected results set up at the level of measures (on the basis of result indicators).
- c) progress in achieving regional cohesion as defined in the RDP by two specific objectives:
 - a. Support to economic development and creation of new jobs in regions with low levels of employment;
 - b. Improvement of living standards especially in rural and underdeveloped areas.

In parallel at regional level Regional Consultative Councils (RCC) review their Regional Development strategies and Action Plans vis-à-vis the RDP.

5. Reporting system of RDP

The system of reporting under the RDP consists of:

- (a) RDP annual implementation reports;
- (b) RDP mid-year progress reports;
- (c) 6-monthly information sheets on the progress in implementation of the measures (sub-measures).
- (d) 6 monthly information sheets on the progress in implementation of the Regional Development Fund.

(a) RDP annual implementation reports

Every year the Ministry of Regional Development and Infrastructure shall prepare, with the support of the special Inter-Ministerial Working Group for the Monitoring of 2015-2017 Regional Development Program of Georgia;³ the draft RDP Annual Implementation Report. This report is to be based on the information provided by:

- Ministries responsible for implementation of measures (sub-measures) as identified in the measure sheet (see also annex 5);
- Implementing agencies and direct beneficiaries;
- The National Statistics Office of Georgia.

For reporting purposes of the implementing ministries, the Ministry of Finance shall ensure verification of the information in relation to the state budget expenditure if it is in compliance with the plans envisaged under the Annual Budget and its performance data.

In relation to the assessment of progress in regional cohesion in Georgia also can take into account interim evaluation and other relevant analysis and studies' findings.

The annual implementation report for each reporting year shall be submitted for discussion and approval by the GCRD no later than 31st March of the following year. After adoption of the RDP annual implementation report by the GCRD, acting as the Monitoring Committee (see below), the report is published on the MRDI website in order to provide the opportunity for consultation with other key stakeholders.

The annual reports shall contain:

- the key information about the implementation of the programme in the previous calendar year (and from the start of the programme), the level of achievement of its objectives and the progress (physical and financial) in the implementation of the individual measures.
- an analysis of the progress in achieving regional cohesion objectives as defined in the RDP, observed through the relevance of the RDP objectives and priorities, and infrastructure/facilities/support services made available to the population in each of the 5 priority areas set in the RDP,

³ Inter- Ministerial Working Group for the Monitoring of 2015-2017 Regional Development Program of Georgia was established by the decision of the Governmental Commission on the Regional Development - GCRD on 20.10.2014. The group is consisting of representatives of member institutions of the GCRD.

- an analysis of factors influencing the progress in achievement of objectives and targets set at measure level (including macro-economic conditions, financial issues, administrative capacity, legal framework, etc.).
- recommendations in regard to the relevance of the content of the RDP, possible future revision of the RDP and regional policy/priorities and actions to be taken by the relevant authorities to support management and implementation of the programme including where relevant timetables.

The RDP Annual Report to be submitted in 2018 shall also assess the overall result of the 3 year implementation period of the RDP. It should also summarise the findings of all evaluations of the programme as well relevant analyses and studies and propose recommendations for regional policy, including proposal for the future regional development programmes to be implemented in Georgia. The deadline for the submission of this report to the GCRD is 31st March 2018.

For the template of a RDP Annual Report see Annex 1.

(b) RDP mid-year progress reports

In addition to the RDP Annual Implementation Report the Ministry of Regional Development and Infrastructure, with the support of the special Inter-Ministerial Working Group for the Monitoring of 2015-2017 Regional Development Program of Georgia, shall prepare the RDP mid-year progress report. This report should be based on the information provided by ministries responsible for implementation of measures (sub-measures), by relevant implementing agencies and direct beneficiaries, the National Statistics Office of Georgia.

The report shall be prepared and submitted for discussion and approval by the GCRD no later than 31st of September each year.

RDP mid-year progress reports shall contain:

- key information about the implementation of the programme, progress towards achievement of its objectives and progress in the implementation (physical and financial) of the individual measures;
- an analysis of factors influencing the progress in achievement of objectives and indicators set at measure level (including macro-economic conditions, financial issues, administrative capacity, legal framework, etc.).
- recommendations in regard to the content of the RDP and actions to be taken by the relevant authorities to support implementation of the programme including time schedules.

For the template of a RDP mid-year progress report see Annex 2.

(c) 6 monthly information sheets on the progress in implementation of the measures (sub-measures).

Each implementing agency or body in charge of implementation (in some cases directly relevant ministries) shall prepare 6 monthly information sheet concerning the progress of implementation of the measures (sub-measures) for which they are responsible for. The information should be based on data gathered during the process of implementation of projects realised under the relevant measures (sub-measures). The information sheet shall be submitted to the Ministry of Regional Development and Infrastructure after the approval of the relevant minister in charge, no later than one month after the end of the reporting period. **The 6 monthly information sheet shall** contain the key information about the implementation of the individual measures (sub-measures) in relation to (the output and financial indicators defined for the measure in question and an analysis of factors influencing the progress of implementation at measure (sub-measure) level (including macro-economic conditions, financial issues, administrative capacity, legal framework, contracting process, etc. The report may include recommendations in regard to the implementation of the measures (sub-measures).

For the template of 6 monthly information sheet on the progress in implementation of the measures (sub-measures) see Annex 3.

(d) 6 monthly information sheet on the progress in implementation of Regional Development Fund

In order to allow for measuring and assessing the effects of the Regional Development Fund to be implemented in the Regions of Georgia (RDF) in the context of the RDP objectives, MRDI (unit in charge of the RDF implementation) shall prepare 6 monthly information sheet on the progress of its implementation.

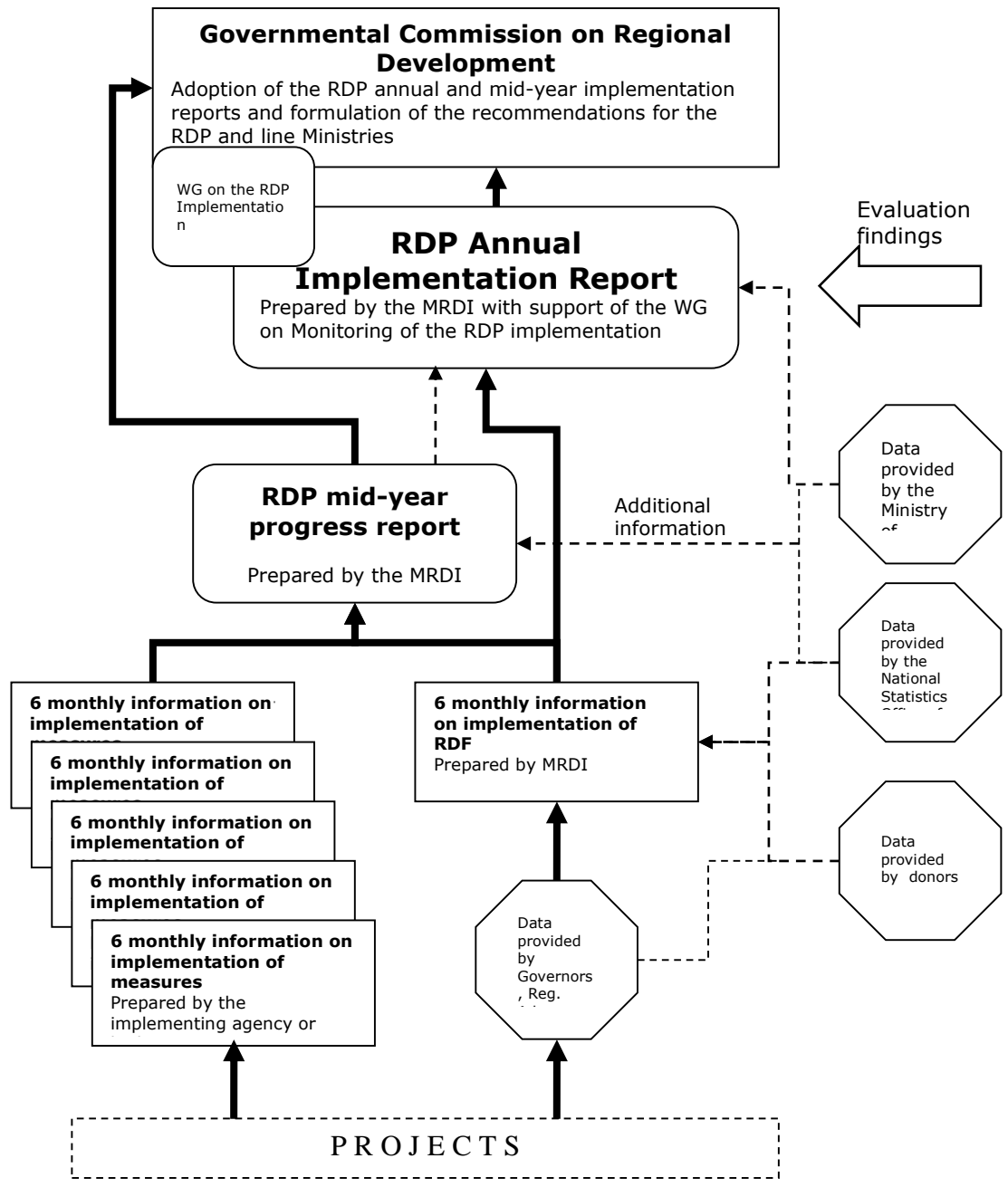
The information should be based on data gathered during the process of implementation of projects realised under RDF and information provided by Municipalities, Governors and Regional Advisory Councils. It shall be produced no later than one month after the end of the reporting period. The 6 monthly information sheet on the progress of implementation of the RDF shall contain the key information about the implementation of the fund in relation to its priorities and output and financial indicators established for it together with an analysis of factors influencing the progress of its implementation (including macro-economic conditions, financial issues, administrative capacity, legal framework, contracting process, etc.) and recommendations in regard to the implementation of the RDF and actions to be taken by the relevant authorities (MRDI, Governors, Municipalities, Regional Advisory Councils, others) and beneficiaries to support implementation of the RDF. Financial information shall be broken down by region.

In addition, the information sheet presented at the end of the year may include information on the progress in achieving development goals as defined in the relevant regional development strategy and Action Plans and its contribution to achievement of the RDP objectives

together with recommendation concerning regional dimension of the RDP.

For the template of a 6 monthly information sheet on the progress in implementation of the Fund of the Projects to be Implemented in the Regions of Georgia see Annex 4.

Chart 1. The system of reporting under 2015-2017 Regional Development Programme



6. Monitoring the progress of the implementation of RDP at the level of measures - the role and types of indicators.

Progress in the implementation of the RDP is measured at the level of the individual measures in relation to the defined:

- physical output indicators and the targets set for them⁴;
- result indicators and targets set for them;
- financial indicators and targets referring to annual and 3 year planned and actual expenditure.

Detailed requirements for the data and information to be collected and provided in 6 monthly measure sheet in regard to each individual measure is provided in the annexes 5 (output indicators) and 6 (financial indicators).

6.1 Output Indicators

Output indicators are directly linked with the type of investment (activities) to be financed at the level of an individual projects under a given measure. Measurement of the progress in achievement of the target for the output indicators shall be made every 6 months on the basis of data provided in 6 monthly information sheets provided by the implementing agencies or bodies responsible for implementation and additional information provided by the relevant ministries and agencies.

Assessment of the progress is made against the targets set in the relevant measure sheet for the whole period of the realisation of the RDP (2015-2017).

Basic indicators to show physical progress at the level of the measure are:

- number of provided services or goods (depending on the type of measure);
- % of achieved target value set for the RDP implementation period.

In cases where it was not possible to set in the measure sheets *a priori* target values for output indicators, progress is be measured only as a number of provided services or goods.

⁴ Note that current version of measure sheets lacks still quantified targets to be achieved – this should be added at the later stage once the final budget figures are known.

6.2 Result indicators

Result indicators should capture the change which follows the implementation of projects or their group (measure in this case). They should directly relate to the expected results of the implementation of the given measure.

Assessment of the progress of the RDP in achieving expected results at the level of individual measures shall be done only annually in the annual RDP report on the basis of information provided by the implementing agencies, line ministries or other relevant institutions and also, when relevant, evaluation findings.

Because it was not possible to quantify result indicators in the majority of cases it is expected that the analysis of the achievements of the results done in the RDP Annual Implementation Report will be mostly qualitative in character. However, for those measures for which baseline and targets were set, the simplest indicator to show the progress in achieving expected results is % of the achieved target value set for the whole 3 year implementation period.

6.3 Financial indicators

Financial indicators should show the progress of implementation of the RDP measures in financial terms. The planned financial disbursement for each year of implementation (2015, 2016, 2017) and a budgetary code relevant for the type of investment (activities) to be implemented under a given measure, will be established annually in the relevant year's Budget Law.

The financial plan of the RDP prepared on the basis of multiannual Basic Data and Directions Document and budgets of individual institutions responsible for implementation of measures is shown in the annex 7. The Plan is the basis for financial monitoring of the RDP. Targets for individual years should be revised every year and updated according to the accepted annual budget by the MRDI.

Assessment of progress in implementation of the RDP in financial terms will be done on the basis of the data provided by the implementing agencies or bodies in their 6 monthly information sheets and additional information provided by the relevant ministries and agencies.

The key financial indicators at measure level for the RDP are:

- total allocation for year and for RDP implementation period;
- total financial disbursement for year and for RDP implementation period;
- % financial disbursement for year and for RDP implementation period.

Annex 1 of the Financing Agreement sets following financial targets:

- For 2015 (in relation to the 2nd instalment) annual actual expenditure under the RDP should be within 70% of the overall public/budgetary expenditure foreseen for the year in question
- For 2016 (in relation to the 3rd instalment) annual actual expenditure under the RDP should be within 80% of the overall public/budgetary expenditure foreseen for the year in question

7. Evaluation of the effects of the RDP implementation in the context of overall regional development objectives.

Influence of the realisation of the RDP on regional policy objectives can be measured effectively only when taking into account longer perspective. The report prepared for 2018 should contain the qualitative assessment of the overall results of the programme achieved during 3 year implementation period. Assessment should be made in relation to the objectives set in the RDP 2015-2017:

- a) support to economic development and creation of new jobs in regions with low levels of employment;
- b) improvement of living standards especially in rural and underdeveloped areas.

As RDP doesn't set specific objectives indicators, nor target values, the assessment of the overall contribution of the programme to regional cohesion objectives should be done primarily on the basis of evaluations and possibly additional studies and analyses and combined with information collected from different sources (Ministries, agencies, Georgian Statistical Office, etc). Data requirements for regional analysis and evaluation of the impact of the RDP are set out in the separate document "Key data set for regional analysis and RDP evaluation". .

From a more strategic perspective, the impact of the realisation of the RDP on regional development objectives should be the subject of evaluations done after the completion of the implementation of the programme, i.e. after 2017.

At the end of the RDP implementation a review of regional statistics should be prepared and published drawing on both the initial update of regional disparities and the interim evaluation of RDP implementation to be done in 2017. The review should include recommendations for any necessary changes to the collection of socio-economic data in Georgia.

8. Institutional system of monitoring. Who does what?

8.1 Governmental Commission on Regional Development⁵

The Governmental Commission on Regional Development is playing the role of the Monitoring Committee for the RDP 2015-2017. The Commission shall meet at least twice a year to review the progress of the programme and to ensure regular consultation with stakeholders (ministries, implementing bodies and other partners) involved in implementation of RDP measures (sub-measures) and RDF.

The review of the implementation of the programme is based on the mid-year and annual reports submitted by the Ministry of Regional Development and Infrastructure. The Commission shall also consider progress on regional cohesion as a part of the RDP Annual Report.

On the basis of adopted reports the GCRD may issue recommendations for the MRDI, line ministries and relevant implementing agencies in order to increase the effectiveness and efficiency of the implementation of the RDP and its individual measures and updating objectives, priorities and way of implementation of the overall regional policy in Georgia .

For supporting the process of preparation monitoring reports and facilitating decisions made at the GCRD in regard to the RDP implementation in October 2014 GCRD established **Inter- Ministerial Working Group for the Monitoring of 2015-2017 Regional Development Program of Georgia**. The group consists of representatives of ministries and institutions – members of the GCRD.

8.2 Ministry of Regional Development and Infrastructure

The Ministry of Regional Development and Infrastructure is responsible for the preparation of drafts of semi-annual and annual implementation reports of the RDP 2015-2017, as prescribed by the GoG Decree #1215, July 9/2014 and relevant 6 monthly information sheets related to their direct implementing responsibilities. In realisation of those tasks the MRDI is supported by the Inter- Ministerial Working Group for the Monitoring of 2015-2017 Regional Development Program of Georgia established by GCRD.

Semi-annual and annual implementation reports after acceptance of the Minister of Regional Development and Infrastructure are submitted to the GCRD for approval and issuing of recommendations if considered appropriate.

Within MRDI a special Unit will be responsible for the preparation of these draft documents and for supporting GCRD in regard to monitoring process and issuing recommendations concerning RDP. This Unit would also be responsible for cooperation with other ministries and agencies

⁵ In view of the creation recently of the State Commission on Regional Development and Local Self-Governmental Reform chaired by the Prime Minister and gathering all ministers, tasks of this body in relation to the monitoring and reporting system of the RDP should be soon clarified

(including the National Statistics Office of Georgia) in adapting further the EU regional development planning practices and developing respective monitoring and evaluation standards according to EU good practice.

With time - building broader administrative capacity and developing monitoring and evaluation standards according to the EU practice - this Unit being part of the bigger department, can grow and realise more tasks, and not only in relation to supporting the monitoring of the RDP as presented in this Plan, but also in relation to immediate monitoring of other development programmes, including those possibly co-financed by the EU.

8.3 Line ministries

All ministries responsible for the implementation of the measures (sub-measures) realised under the RDP shall submit to the MRDI 6 monthly information sheets concerning the progress in implementation of measures (sub-measures) they are responsible for. They should also actively participate in the works of the GCRD and the process of analysing effects of the RDP and relevant measures on the basis of the semi-annual and annual reports.

8.4 Implementing agencies or bodies

All implementing agencies or bodies which are responsible for implementation of measures or sub-measures and RDP, realised under the RDP are responsible for preparation of the 6 monthly information sheets. They should also be active in monitoring implementation of their relevant measures and preparation of recommendations for its effective implementation.

9. Strengthening of human resources dealing with monitoring

The system of monitoring and evaluation of the RDP requires substantial enhancement of existing human resources across all implementing bodies in regard to the collection of data and its interpretation in order to respond to the monitoring requirements set out in the RDP monitoring Plan.

The target group for respective trainings would be people directly involved in the preparation of Annual and semi-annual reports on the side of MRDI and 6 monthly implementation sheets on the side of relevant ministries. People to be trained should be identified by GCRD Working Group and MRDI.

Identification of people dealing directly with monitoring would also allow in due course for the preparation in the framework of training components in the future EU technical assistance projects, which should be tailored directly to strengthen of the monitoring and evaluation capacity of the administration in regard to all public polices implemented in Georgia. This should be however regarded as a long term task connected with harmonization of Georgian administration practice with EU standards.

Annex 1. Template of the RDP annual implementation report

Part 1. Information required in all years

1. Identification of the RDP annual report

Reporting year	
Institution in charge of preparation of the report	
Date of Approval of the report by the MRDI	
Date of approval of the report by the Governmental Commission on Regional Development	

2. Key information on the implementation of the RDP 2015-2017 in the reporting year

Section 1. Overview of the implementation of the RDP 2015-2017 in the reporting year

In this section general comments on the implementation of the RDP in the reporting year should be given in reference to the established objectives, output and financial indicators (see annex 5 and 6) at the level of individual measures. Section should summarise and describe progress on the basis of tables and information presented in the section 2, 3 and 4.

Section 2. Progress in implementation of the RDP 2015-2017 at the level of measures in relation to the set output and financial indicators

Table 1. Progress in implementation of the RDP 2015-2017 according to set output indicators by measure

No	Measure	Output indicators												Cumulative value up to date
		Indicator (for the list of indicators see annex 5)	Measurement Unit	Target value for the end of 2017 (if defined)	2015			2016			2017			
					I half	II half	Cumulative	I half	II half	Cumulative	I half	II half	Cumulative	
1.	Measure 1	Indicator 1												
2.		Indicator 2												
3.	Measure 2	Indicator 3												
4.	Measure ...	Indicator 4												
	RDF	Indicator x												
		Indicator y												
		Indicator z												

Table 2. Progress in implementation of the RDP 2015-2017 according to financial indicators by measure and budgetary code

A	B	C	D	E	F	G	H	I	j	K	L	m	n	o	p	q
No	Measure	Relevant budget codes	Financial indicator													Cumulative expenditure up to date
			Estimated expenditure at the end of the RDP realisation (end of 2017) see annex 7 M Lari / %	2015			2016			2017						
				Target value (according to the approved Annual Budget?) M Lari/%	Actual expenditure M Lari / %	Cumulative	Target value (according to the approved Annual Budget?) M Lari/%	Actual expenditure M Lari / %	Cumulative	Target value (according to the approved Annual Budget?) M Lari/%	Actual expenditure M Lari / %	Cumulative				
I half	II second half		I half	II second half		I half	II second half									
	Measure 1															
			100%	100%	%e	%e	%e	100%	%i	%i	%i	100%	%m	%m	%m	% d
	Measure 2															
			100%	100%	%e	%e	%e	100%	%i	%i	%i	100%	%m	%m	%m	% d
	Measure ...															
			100%	100%	%e	%e	%e	100%	%i	%i	%i	100%	%m	%m	%m	% d
	Regional Development Fund															
			100%	100%	%e	%e	%e	100%	%i	%i	%i	100%	%m	%m	%m	% d
	Total															
			100%	100%	%e	%e	%e	100%	%i	%i	%i	100%	%m	%m	%m	% d

Section 3. Progress in achieving regional cohesion objectives as defined the RDP.

Description of the progress made during last year in relation to objectives set in RDP 2015-2017:

- c) support to economic development and creation of new jobs in regions with low levels of employment
- d) improvement of living standards especially in rural and underdeveloped areas.

Description should be based on qualitative assessment of trends in regional cohesion processes. Basis for this assessment are progress in implementation of individual measures based on result indicators (table 3) and assessment of its relevance to the achievement of the overall objective of the RDP Programme. In addition could be used available evaluations, analyses and studies made during the reporting year.

Table 3. Progress in implementation of the RDP 2015-2017 according to result indicators

No	Measure	Result indicators						
		Indicator (according to measure sheet)	Measurement Unit	Target Value for 2017 (if setup)	2015	2016	2017	Cumulative value up to date
1.	Measure 1	Indicator 1						
2.	Measure 2	Indicator 2						
3.		Indicator 3						
4	Measure ...	Indicator...						

Section 4. Analysis of factors influencing the progress in achievement of objectives and financial and physical targets set at measure level

The reference should be made to the overall socio-economic environment, financial situation of the state budget and public finances in general, administrative capacity, coordination between funds and donors, significant problems encountered during the implementation and the way of tackling them.

Section 5. Recommendations concerning management, implementation and programming of RDP 2015-2017

Recommendations concerning ways of improving the quality and overall coordination, management and implementation of various measures. Addressees of the recommendations could be the whole system of regional policy coordination in Georgia, ministries and implementing bodies in charge of individual measures.

Recommendations can be also be formulated in regard to the relevance of the content of the RDP, possible future revision of the RDP and regional policy/priorities and actions to be taken by the relevant authorities to support management and implementation of the programme including where relevant timetables.

Part II. Additional information required for 2018 RDP Monitoring Report

Section 5. Overall result of the 3 year implementation period

Assessment of the overall results of the programme achieved during 3 year implementation period. Summary of findings of the interim-evaluation and any other analysis or study undertaken in connection with the programme objectives and its implementation. Recommendations concerning improvement of effectiveness and efficiency of the regional development policy and realisation of future regional development programmes in Georgia.

Annex 2. Template of the RDP mid-year progress report.

1. Identification of the RDP mid-year progress report

Reporting Period	(I or II half of the reporting year)
Institution in charge of preparation of the report	
Date of approval of the report by the MRDI	
Date of approval of the report by the Governmental Commission on Regional Development	

2. Key information on the implementation of the RDP 2015-2017 in the reporting period

Section 1. Overview of the implementation of the RDP 2015-2017 in the reporting period

In this section general comments on the implementation of the RDP in the reporting period should be given in reference to the established objectives, financial and output indicators (see annex 5 and 6) at the level of measures. Section should summarise and describe progress on the basis of tables and information presented in the section 2 and 3.

Section 2. Progress in implementation of the RDP 2015-2017 in the reporting period at the level of measures in relation to the set output and financial indicators

Table 2. Progress in implementation of the RDP 2015-2017 in the reporting period according to output indicators by measure

No	Measure	Output indicators												Cumulative value up to date
		Indicator (for the list of indicators see annex 5)	Measurement Unit	Target value for the end of 2017 (if defined)	2015			2016			2017			
					I half	II half	Cumulative	I half	II half	Cumulative	I half	II half	Cumulative	
1.	Measure 1	Indicator 1												
2		Indicator 2												
3	Measure 2	Indicator 3												
4	Measure 3	Indicator 4												
	RDF	Indicator X												
		Indicator Y												
		Indicator Z												

Table 3. Progress in implementation of RDP 2015-2017 in the reporting period according to financial indicators by measure and budgetary code

A	B	C	D	E	f	g	H	I	J	k	l	M	N	o	p	q
No	Measure	Relevant budget codes	Financial indicator													
			Estimated expenditure at the end of the RDP realisation (end of 2017) see annex 6 M Lari / %	2015			2016			2017			Cumulative expenditure up to date			
				Target value M Lari/%	Actual expenditure M Lari / %		Target value M Lari/%	Actual expenditure M Lari / %		Target value M Lari/%	Actual expenditure M Lari / %					
				I half	II second half	Cumulative		I half	II second half	Cumulative		I half	II second half	Cumulative		
1	Measure 1															
2			100%	100%	%e	%e	%e	100%	%i	%i	%i	100%	%m	%m	%m	% d
3	Measure 2															
4			100%	100%	%e	%e	%e	100%	%i	%i	%i	100%	%m	%m	%m	% d
5	Measure ...															
6			100%	100%	%e	%e	%e	100%	%i	%i	%i	100%	%m	%m	%m	% d
	Regional Development Fund															
			100%	100%	%e	%e	%e	100%	%i	%i	%i	100%	%m	%m	%m	% d
	Total															
			100%	100%	%e	%e	%e	100%	%i	%i	%i	100%	%m	%m	%m	% d

Section 3. Analysis of factors influencing the progress in achievement of objectives and financial and physical targets set at measure level in reporting period

The reference should be made to the overall socio-economic environment, financial situation of the state budget and public finances in general, administrative capacity, coordination between funds and donors, significant problems encountered during the implementation and the way of tackling them.

Section 4. Recommendations concerning management, implementation and programming of RDP 2015-2017

Recommendations concerning ways of improving the quality and overall coordination, management and implementation of various measures. Addressees of the recommendations could be the whole system of regional policy coordination in Georgia, ministries and implementing bodies in charge of individual measures.

Annex 3. Template of 6 monthly information sheet on the progress in implementation of the measures (sub-measures) to be filled in by implementing agencies and bodies.

1. Identification of 6 monthly information sheet

Reporting period	First or second half of the reporting year
Measure (sub-measure)	
Institution in charge of preparation of information sheet	
Date of approval of the report by the Ministry in charge	

2. Key information on the implementation of the measure in reporting period

Section 1. Overview of the implementation of the measure in the reporting period

In this section general comments on the implementation of the measure in the reporting period should be given in reference to the established output indicators (see annex 5) and financial indicators (see annex 6). Section should summarise and describe progress on the basis of tables and information presented in the section 2 and 3.

Section 2. Progress in implementation of the measure in relation to set output and financial indicators

Table 1. Progress in implementation of the measure in reporting period – output indicators

No	Measure	Output indicators											Cumulative value up to date	
		Indicator (for the list of indicators see annex 5)	Measurement Unit	Target Value for 2017 (if defined)	2015			2016			2017			
					I half	II half	Cumulative	I half	II half	Cumulative	I half	II half	Cumulative	
1.	Measure	Indicator 1												
		Indicator 2												
		Indicator....												

Table 2. Progress in implementation of the measure in reporting period – financial indicators

a	B	c	D	e	F	G	H	i	j	K	l	m	n	O	p	q		
No	Measure	Relevant budget code s	Financial indicator															
			Estimated expenditure at the end of the RDP realisation (end of 2017) see annex 6 M Lari / %	2015						2016				2017				Cumulative expenditure up to date
				Target value M Lari/%	Actual expenditure M Lari / %			Target value M Lari/%	Actual expenditure M Lari /			Target value M Lari/%	Actual expenditure M Lari /					
					I half	II second half	Cumulative		I half	II second half	Cumulative		I half	II second half	Cumulative			
	Measure																	
			100%	100%	%e	%e	%e	100%	%i	%i	%i	100%	%m	%m	%m	% d		

Section 3. Analysis of factors influencing the progress in achievement of financial and physical targets set at measure level

Analysis of factors influencing the process of implementation of the measure. The reference can be made to the overall socio-economic environment, financial situation of the state budget and public finances in general, administrative capacity, coordination between funds and donors, cooperation with relevant Ministries and beneficiaries, significant problems encountered during the implementation and the way of tackling them.

Section 4. Recommendations concerning management, implementation and programming of the measure

Recommendations concerning ways of improving the quality and overall coordination, management and implementation of the relevant measures. Addressees of the recommendations could be the whole system of regional policy coordination in Georgia, ministries and implementing bodies in charge of individual measures.

Annex 4. Template of 6 monthly information sheet on the progress in implementation of the Fund of the Projects implemented in the Regions of Georgia (Regional Development Fund- RDF).

1. Identification of 6 monthly information sheet on the progress in implementation of RDF

Reporting period	First or second half of the reporting year
Institution in charge of preparation of information sheet	
Date of Approval of the report by the MRDI	

2. Key information on the implementation of RDF in reporting period

Section 1. Overview of the implementation of RDF in the reporting period

In this section general comments on the implementation of the RDF in the reporting period should be given in reference to established output (see annex 5) and financial indicators (see annex 6) as well regional dimension. Section should summarise and describe progress on the basis of tables and information presented in the section 2.

Section 2. Progress in implementation of RDF in relation to the set output and financial indicators

Table 1. Progress in implementation of the measure in reporting period – output indicators

No	Measure	Output indicators											Cumulative value up to date	
		Indicator	Measurement Unit	Target Value for 2017 (if defined)	2015			2016			2017			
					I half	II half	Cumulative	I half	II half	Cumulative	I half	II half	Cumulative	
	Region 1	Indicator X												
		Indicator Y												
		Indicator Z												
	Region 2	Indicator X												

		Indicator Y														
		Indicator Z														
	Region ...	Indicator X														
		Indicator Y														
		Indicator Z														
	Total	Indicator X														
		Indicator Y														
		Indicator Z														

Table 2. Progress in implementation of the Fund of Projects according to financial indicators by measure and budgetary code

a	b	c	D	E	F	g	H	i	j	K	l	M	n	O	p	q
No	Region	Relevant budget codes	Financial indicator													Cumulative expenditure up to date
			Estimated expenditure at the end of the RDP realisation (end of 2017) See annex 6 M Lari / %	2015			2016			2017			Cumulative			
				Target value M Lari/%	Actual expenditure M Lari / %		Target value M Lari/%	Actual expenditure M Lari /		Target value M Lari/%	Actual expenditure M Lari /					
I half	II second half	I half	II second half	I half	II second half	I half	II second half									
	Region 1															
			100%	100%	%e	%e	%e	100%	%i	%i	%i	100%	%m	%m	%m	%d
	Region 2															
			100%	100%	%e	%e	%e	100%	%i	%i	%i	100%	%m	%m	%m	%d
	Region															
			100%	100%	%e	%e	%e	100%	%i	%i	%i	100%	%m	%m	%m	%d
	Total															
			100%	100%	%e	%e	%e	100%	%i	%i	%i	100%	%m	%m	%m	%d

Section 3. Analysis of factors influencing the progress in achievement of financial and physical targets set for RDF

Analysis of factors influencing the process of implementation of RDF. The reference can be made to the overall socio-economic environment, financial situation of the state budget and public finances in general, administrative capacity, coordination between funds and donors, cooperation with relevant Ministries and beneficiaries, significant problems encountered during the implementation and the way of tackling them.

Section 4. Recommendations concerning management, implementation and programming of RDF

Recommendations concerning ways of improving the quality and overall coordination, management and implementation of the RDF. Addressees of the recommendations could be the whole system of regional policy coordination in Georgia, relevant part of the RDP 2015-2017, coordinating institutions at the level of the government, relevant Governors and/or Regional Advisory Council, individual implementing agencies in charge of measures or beneficiaries.

Annex 5. Detailed requirements concerning data and information to be collected and provided in 6 monthly measure sheet in regard to each individual measure.

Table 1. The list of output indicators

No	Measure	Name of indicator	Target value (to be set up by ministries in charge)	Source of data	Institution responsible for preparation/acceptance of 6 monthly information sheet
1	1.1 Roads of international and national importance	Km of international roads rehabilitated to necessary technical standard	?	MRDI Roads Department	MRDI
2		Km of regional roads rehabilitated to necessary technical standard	?	MRDI Roads Department	MRDI
3		Km of international roads constructed to necessary technical standard	?	MRDI Roads Department	MRDI
4		Km of regional roads constructed to necessary technical standard	?	MRDI Roads Department	MRDI
5	1.2 Solid Waste Management	Number of new sites opened	?	Solid Waste Management Company	MRDI
6		Number of old sites closed	?	Solid Waste Management Company	MRDI
7		Number of sites rehabilitated	?	Solid Waste Management Company	MRDI
8		Capacity of new sites opened in hectares	?	Solid Waste Management Company	MRDI
9		Capacity of old sites closed in hectares	?	Solid Waste Management Company	MRDI
10		Capacity of sites rehabilitated in hectares	?	Solid Waste Management Company	MRDI
11	1.3 Construction and rehabilitation of water supply and sewerage systems	Number of constructed and rehabilitated head works	?	United Water Supply Co	MRDI
12		Number of constructed filtration facilities	?	United Water Supply Co	MRDI
13		Number of metered new customers	?	United Water Supply Co	MRDI

14		Length (in km) of rehabilitated or newly constructed sewerage system pipes	?	United Water Supply Co	MRDI
15		Number of new customers connected to the sewerage systems	?	United Water Supply Co	MRDI
16	1.4 Natural Disaster Risk Reduction and Protection	Number of analytical studies prepared in order to forecast likely natural hazards	?	Ministry of Environment	Ministry of Environment
17		Number of infrastructural projects to protect against hazards	?	MRDI	MRDI
18	1.5 Georgia Forest Inventory and Implementation of a Stable Forestry Strategy	Legislative base established	?	Ministry of Environment Protection	Ministry of Environment Protection
19		Concept of Forest Stable Management (standards)	?	National Forestry Agency	Ministry of Environment Protection
20		Number of trained staff of the National Environmental Agency	?	National Environmental Agency	Ministry of Environment Protection
21	2.1 Supporting business in Georgia's regions through institutional and programming activities	Number of grants	?	Enterprise Development Agency	Ministry of Agriculture
22		Value of grants	?	Enterprise Development Agency	Ministry of Agriculture
23		Number of business supported under micro-business support program	?	Enterprise Development Agency	Ministry of Agriculture
24		Number of Businesses supported under "produce in Georgia" scheme	?	Enterprise Development Agency	Ministry of Agriculture
25	3.1 Improve agriculture water management	Number of rehabilitated and new irrigation projects	?	Ministry of Agriculture	Ministry of Agriculture
26		Capacity of rehabilitated and new irrigation projects	?	Ministry of Agriculture	Ministry of Agriculture
27		Acreage of additional land plots	Additional 65 000 ha of land irrigated	Ministry of Agriculture	Ministry of Agriculture
28		Acreage of land with proper drainage system	Additional 20000 ha equipped with proper drainage system	Ministry of Agriculture	Ministry of Agriculture
29	3.2 Improve access to finance	Number of new enterprises and farms financed through this program	?	Ministry of Agriculture	Ministry of Agriculture
30		Number of loans under this programme	At least 2500 loans	Ministry of Agriculture	Ministry of Agriculture

			issued		
31	3.3 Other programs (testing and distributing new varieties, development of cooperatives, food safety and development of wine industry)	Number of food and agribusiness enterprises monitored against food safety measures	?	Ministry of Agriculture	Ministry of Agriculture
32		Number of research projects completed or in pipeline	?	Ministry of Agriculture	Ministry of Agriculture
33		Number of events financed through the Georgian wine promotional campaign	?	Ministry of Agriculture	Ministry of Agriculture
34		Number of agriculture cooperatives formed	?	Ministry of Agriculture	Ministry of Agriculture
35		Number of tests conducted for food safety and quality control	?	Ministry of Agriculture	Ministry of Agriculture
36		Acreage of land prepared for demonstration plots		Ministry of Agriculture	Ministry of Agriculture
37	3.4 Develop the agriculture land market	Legislation regarding ownership proposed	?	Ministry of Justice	Ministry of Justice
38		Land consolidation strategy/rule book adopted	?	Ministry of Justice	Ministry of Justice
39	4.1. Tourism development	Number of regional studies completed	?	Georgian National Tourism Administration	Ministry of Culture and Monument Protection
40		Number of information centres established (number employed)	?	Georgian National Tourism Administration	Ministry of Culture and Monument Protection
41		Number of training courses provided and participants	?	Georgian National Tourism Administration	Ministry of Culture and Monument Protection
42		Number and type of promotional activities undertaken	?	Georgian National Tourism Administration	Ministry of Culture and Monument Protection
43		Number of “tourism products” developed.		Georgian National Tourism Administration	Ministry of Culture and Monument Protection
44	5.1 Labour Market Demand Survey	Labour Market Survey Prepared	By when??	Ministry of Labour, Health and Social Affairs	Ministry of Labour, Health and Social Affairs
45	5.2 Rehabilitation of Existing Colleges, Construction, Equipment and Staffing of New Regional VET Colleges	Number of new colleges constructed/renovated, equipped and staffed to a specified level.	?	Ministry of Education and Science	Ministry of Education and Science

46		Capacity (in attendants per year?) of new colleges constructed/renovated, equipped and staffed to a specified level.	?	Ministry of Education and Science	Ministry of Education and Science
47		Number of new colleges constructed/renovated, equipped and staffed to a specified level with participation of the private sector	?	Ministry of Education and Science	Ministry of Education and Science
48	5.3 Agriculture Related VET & Extension Systems	Number of trained VET teachers and extension workers	?	Ministry of Education and Science; Ministry of Agriculture	Ministry of Education and Science; Ministry of Agriculture
49		Number of supported projects to improve learning environment (infrastructure, training materials, and equipment)	?	Ministry of Education and Science; Ministry of Agriculture	Ministry of Education and Science; Ministry of Agriculture
50		Number of VET colleges and Information Consultancy Centres having sufficient capacity to deliver VET and extension services in agriculture	?	Ministry of Education and Science; Ministry of Agriculture	Ministry of Education and Science; Ministry of Agriculture
51		Number of trained agricultural sector service providers veterinarians, zoo-technicians, food processors, agriculture, machinery operators, input suppliers and animal food producers)	?	Ministry of Education and Science; Ministry of Agriculture	Ministry of Education and Science; Ministry of Agriculture
52		Number of private stakeholders contributing in the provision of VET in agriculture and agriculture extension	?	Ministry of Education and Science; Ministry of Agriculture	Ministry of Education and Science; Ministry of Agriculture
53		Creation of the platform that provides full and equal participation from public and private stakeholders and ensures coordination and provision of agricultural training and extension services	?	Ministry of Education and Science; Ministry of Agriculture	Ministry of Education and Science; Ministry of Agriculture
54	5.4 Training of VET Teachers and Continuous Professional Development	Number of long-term trainings in professional development;	?	National Center for Teacher Professional Development	Ministry of Education and Science
55		Number of short-term subject related trainings;	?	National Center for Teacher Professional Development	Ministry of Education and Science

56		Number of teachers prepared in a year at the system level	?	National Center for Teacher Professional Development	Ministry of Education and Science
57	5.5 Training of Public Servants in the Regions	No of municipalities with effective HR policies	?	CEGSTAR/UNDP	MRDI
58		No of new training programmes (curricula)	?	CEGSTAR/UNDP	MRDI
59		No of joint actions of the training providers and municipalities implemented;	?	CEGSTAR/UNDP	MRDI
60		No of persons/days of trainings organized;	At least 4000 persons/days of trainings organized	CEGSTAR/UNDP	MRDI
61		No of local officials trained (gender disaggregated)	By 2017, at least 1,500 LSG officials trained; Of which At least 30% women.	CEGSTAR/UNDP	MRDI
62	Regional Development Fund	Indicator X (Water sector)	?	MRDI	MRDI
63		Indicator Y (road sector)	?	MRDI	MRDI
64		Indicator Z (number of new and modernised kinder-gardens)	?	MRDI	MRDI

Annex 6. Financial table for Regional Development Programme 2015-2017 to be used as a reference point for financial monitoring in annual and semi-annual reports and 6 monthly measure sheets.

NOTE: Targets for individual years should be adapted by MRDI in consultation with the Ministry of Finance with conformity with approved annual budgets.

RDP Financial Table 2015-2017

Priority/Measure	Budget Code	Name of the budget code	2015			2016			2017			2015-2017		
			Total Mln GEL	<i>of which</i> Budget resources	other	Total Mln GEL	<i>of which</i> Budget resources	other	Total mln GEL	<i>of which</i> Budget resources	other	Total mln GEL	<i>of which</i> Budget resources	other
1. Improvement of physical infrastructure and Environment Protection			804,3	351,2	453,1	822,4	396,1	426,3	865,8	412,2	903,3	2492,5	1159,5	1782,7
1.1 Roads of international and national importance	total from 25 02		638,7	289,0	349,7	639,1	319,9	319,2	679,5	329,0	350,5	1957,3	937,9	1019,4
	25 02 02	Construction and maintenance of roads	271,2	210,4	60,8	331,4	243,4	88,0	329,5	249,5	80,0	932,1	703,3	228,8
	25 02 03	Construction of high speed highways	367,5	78,6	288,9	307,7	76,5	231,2	350,0	79,5	270,5	1025,2	234,6	790,6
1.2 Solid waste management	Total from 25 03		13,4	10,4	3,0	35,8	18,2	17,6	37,7	18,5	19,2	86,9	47,1	39,8

	part of 25 03 08 (see footnote)	Georgian Solid Waste Management	10,0	10,0	0,0	15,0	15,0	0,0	15,0	15,0	0,0	40,0	40,0	0,0
	25 03 09	The Integrated Solid Waste Management project of Kutaisi (EU, KFW)	3,4	0,4	3,0	20,8	3,2	17,6	22,7	3,5	19,2	46,9	7,1	39,8
1.3 Water supply, sewage and waste water systems	total from 25 04		119,2	22,5	96,7	109,0	23,3	85,7	109,0	29,0	80,0	337,2	74,8	262,4
	25 04 01	Kobuleti Water System	1,0	0,0	1,0	3,5	0,0	3,5	0,0	0,0	0,0	4,5	0,0	4,5
	25 04 02	Water Infrastructure Upgrades (EIB)	2,05	0,3	1,75	0,0	0,0	0,0	0,0	0,0	0,0	2,5	0,3	1,75
	25 04 03	Mtskheta Sewage System Rehabilitation Project (EU,EIB)	56,0	8,8	47,2	6,3	1,3	5,0	0,0	0,0	0,0	62,3	10,1	52,2
	25 04 04	Sewage system sustainable management project (SIDA)	5,15	0,75	4,4	8,9	1,5	7,4	0,0	0,0	0,0	14,05	2,25	11,8
	25 04 05	Urban Services Improvement Project	50,0	7,65	42,35	80,3	10,5	69,8	94,0	14,0	80,0	224,3	32,2	192,15
	26 04 06	Regional Water Supply Support Activities	5,0	5,0	0,0	10,0	10,0	0,0	15,0	15,0	0,0	30,0	30,0	0,0
1.4. Natural Disaster Risk Reduction and Protection	total from 25 02 and 25 03		17,5	17,5	0,0	23,5	23,5	0,0	24,5	24,5	0,0	65,5	65,5	0,0
Sub-measure (a): Disaster risk reduction	total from 25 02		12,5	12,5	0,0	18,5	18,5	0,0	19,5	19,5	0,0	50,5	50,5	0,0

Sub-measure (b): mitigation of polluted old industrial sites	25 02 02 05	liquidation of the natural disasters and the prevention of works to be done	6,5	6,5	0,0	6,5	6,5	0,0	6,5	6,5	0,0	19,5	19,5	0,0
	25 02 02 07	coastal areas of the bank protection works	6,0	6,0	0,0	12,0	12,0	0,0	13,0	13,0	0,0	31,0	31,0	0,0
	part of 25 03 08 (see footnote)	mitigation of polluted old industrial sites expenses and administrative costs (Georgian Solid Waste Management)	5,0	5,0	0,0	5,0	5,0	0,0	5,0	5,0	0,0	15,0	15,0	0,0
1.5. Georgia forest inventory and implementation of stable forest inventory	38 04	Establishment of forestry System and Management	15,5	11,8	3,7	15,0	11,2	3,8	15,1	11,2	3,9	45,6	34,2	11,4
	38 04 01 (see footnote)	LEPL National Forestry Agency- Administrative costs	12,5	8,8	3,7	12,3	8,5	3,8	12,5	8,6	3,9	37,3	25,9	11,4
	38 04 02	Georgian Forest Save and restore	0,8	0,8	0,0	1,0	1,0	0,0	1,0	1,0	0,0	2,8	2,8	0,0
	38 04 03	Forest Utilization Activities	0,6	0,6	0,0	0,7	0,7	0,0	0,6	0,6	0,0	1,9	1,9	0,0

	38 04 04	Georgia forest inventory and implementation of stable forest inventory	0,8	0,8	0,0	0,45	0,45	0,0	0,45	0,45	0,0	1,7	1,7	0,0
	38 04 05	Fire prevention measures	0,8	0,8		0,55	0,55	0,0	0,55	0,55	0,0	1,9	1,9	0,0
2 - Supporting the Development of SMEs, and the creation of new jobs			20,0	20,0	0,0	27,0	27,0	0,0	27,0	27,0	0,0	74,0	74,0	0,0
2.1 Supporting business in Georgia's regions through the institutional and programming initiatives	24 01 03 02	Export promotion measures	20,0	20,0	0,0	27,0	27,0	0,0	27,0	27,0	0,0	74,0	74,0	0,0
3. Rural Development			244,8	209,9	34,8	195,8	135,3	60,5	200,7	139,7	61,0	641,2	484,9	156,3
3.1 Modernisation of irrigation systems	Total from 37 01		93,1	68,1	25,0	112,3	89,8	22,5	116,2	95,2	21,0	321,6	253,1	68,5
	37 01 12 03	Irrigation and Drainage (WB)	25,0	0,0	25,0	22,5	0,0	22,5	21,0	0,0	21,0	68,5	0,0	68,5
	37 01 03	Modernization of Melioration systems	68,1	68,1		89,8	89,8		95,2	95,2		253,1	253,1	0,0
3.2 Concessional Agro Credits	37 01 07	Concessional agro credits	30,0	30,0	0,0	30,0	30,0	0,0	30,0	30,0	0,0	90,0	90,0	0,0
3.3 Other planned programmes for rural development	Total from 37 01 and 35 05		70,6	60,8	9,8	8,5	8,5	0,0	9,5	9,5	0,0	88,6	78,8	9,8
	37 01 05	Agrecultural Cooperatives promoting activities	4,3	4,3	0,0	4,0	4,0	0,0	5,0	5,0	0,0	13,3	13,3	0,0
	37 01 06	Agriculture Project Management	3,8	1,3		0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0

			2,5											
	37 01 08	Supporting for Small Land Owner Farmers Spring activities	52,8	50,0	2,8	0,0	0,0	0,0	0,0	0,0	0,0	52,8	50,0	2,8
	37 01 12 01	Agriculture Supporting Activities (IFAD)	5,7	1,2	4,5	0,0	0,0	0,0	0,0	0,0	0,0	5,7	1,2	4,5
	35 05	Labor and employment reform program	4,0	4,0	0,0	4,5	4,5	0,0	4,5	4,5	0,0	13,0	13,0	0,0
3.4 Development of agricultural land market	In m USD	Within the WB Loan will be implemented the project :” Irrigation and Development of Land Market”	0,567	0	0,567	0,848	0,0	0,848	0,837	0	0,837	2,253	0,0	2,253
4. Tourism Development			10,0	10,0	0,0	10,0	10,0	0,0	10,0	10,0	0,0	30,0	30,0	0,0
4.1 Promotion of Tourism	24 05	Support to tourism development	10,0	10,0	0,0	10,0	10,0	0,0	10,0	10,0	0,0	30,0	30,0	0,0
5. Improvement of Human Capital and Development of Vocational Education Institutional Capacity at Sub National Level			4,6	4,6	0,0	4,6	4,6	0,0	4,6	4,6	0,0	13,8	13,8	0,0
5.1 Labour Market Demand survey	From 35 05 (see footnote)	Labor and Employment System Reform Program	0,3	0,3	0,0	0,3	0,3	0,0	0,3	0,3	0,0	0,9	0,9	0,0

5.2 Rehabilitation of Existing Colleges; Construction, Equipment and Staffing of New Colleges	from 32 05 02	Development of Educational and scientific institutions infrastructure	4,0	4,0	0,0	4,0	4,0	0,0	4,0	4,0	0,0	12,0	12,0	0,0
5.3 Agriculture Related VET and Extension Services	In m USD	Resources not listed in the Budget ;No budgetary code	1,5	0,0	1,5	0,5	0,0	0,5	0,4	0,0	0,4	2,4	0,0	2,4
5.4 Training of VET Teachers and Continuous Professional Development	32 02 02	Support to teachers professional development	0,3	0,3	0,0	0,3	0,3	0,0	0,3	0,3	0,0	0,9	0,9	0,0
5.5 Training of Public Servants in the regions	In m USD	Resources not listed in the Budget ;No budgetary code	0,4	0,0	0,4	0,3	0,0	0,3	0,1	0,0	0,1	0,8	0,0	0,8
Implementation of Regional Development Fund	part of 58 08 (see footnote)	Fund for Implementation of Projects in the Georgian Regions	250,0	250,0								250,0	250,0	0,0
TOTAL			1333,6	845,7	487,9	1059,8	573,0	486,8	1108,1	593,5	964,3	3501,5	2012,2	1939,0

General notes:

Figures are based on the 2015 State Budget Law Project presented to the Parliament on 30.11.2015;

Figures for subsequent years are indicative. The total estimated value of expenditures for 2015-2017 is indicative

Figures for 2015 and subsequent years of the implementation of the RDP will be updated in line with the approved Budget by the Georgian Parliament.

25 03 08 - financial resources allocated under this budget code are to be implemented by the Solid Waste Management Agency: part of funds will be utilized for financing measure 1.2 - Georgian Solid Waste Management (10 M GEL in 2015) and other part for activities under measure 1.4 - sub-measure b) - mitigation of the polluted old industrial sites (5 M GEL in 2015).

38 04 01 - other resources refer to own resources of the LEPL National Forestry Agency

35 05 - the whole allocation for 35 05 in the 2015 draft budget is: 2015 -4.0; 2016 -4.5 and 2017 - 4.5 M GEL (budget sources)

58 08 - the total allocation for the Fund for Implementation of Projects in the Georgian Regions in the 2015 draft Budget is 300 M GEL., 50 M GEL out of this is reserved for the Village Support Programme. No allocations for 2016 and 2017 are foreseen.

Measure 3.4 – Agreement between the Ministry of Finance and World Bank was formed on 21 November of the current year when the work on 2015 draft budget was already finalized. At this time the Ministry of Justice did not make any statement in the Ministry of Finance for granting the budget code to the project, for this reason it does not have a code, though it will be defined in the close future. Accordingly, the amount is not given in GEL. For accrual of funds a number of changes are to be made in the legislation. The project implementation is supposed to start in April, 2015.

Measure 5.3 and measure 5.5 are financed entirely from the foreign sources which are not a part of the Georgian 2015 Budget therefore they are excluded from monitoring mechanism.

**DETAILED MEASURE SHEETS
FOR SUPPORTING THE MONITORING OF 2015-2017
REGIONAL DEVELOPMENT PROGRAM
{RDP ANNEX #2. GUIDLINE FORM}**

IMG-GCRD & MRDI

PRIORITY	PRIORITY 1. Improvement of Physical Infrastructure and Environmental Protection	
Measure	1.1 Roads of international and national importance	
Rationale.	Improving condition of the country's road infrastructure is an important goal for developing the economy of Georgia.	
Objectives	Increasing road capacity, decreasing journey times and the operating costs for transport suppliers, increasing road safety.	
Activities	- Construction, rehabilitation and maintenance of both international and national roads - Observing set technical standards and expected traffic volume.	
Project Selection Criteria	Transit directions, roads to regional and district centers, densely populated villages, tourist routes	
Target Areas, Groups, Sectors	<ul style="list-style-type: none"> - Increasing mobility of passengers and reduction of transport costs - Rehabilitation of damaged roads and their further maintenance - increasing transit potential and promoting country's economic development as a result of improved road infrastructure - Improving traffic safety 	
Indicators & Targets	<p>Outputs:</p> <ul style="list-style-type: none"> • Construction activity (km) on highways • Rehabilitation - periodic repair works , road length (km) 	<p>Result:</p> <ul style="list-style-type: none"> • Improve of international and regional mobility across the country • By the end of 2017, the average travel time from Tbilisi to Batumi will decrease from 5:45 to 5 h
Financial Summary	<p>value by year:</p> <ul style="list-style-type: none"> • 2015 – 557.2 m GEL • 2016 – 509.4 m GEL • 2017 – 828.6 m GEL 	<p>Budget Code</p> <ul style="list-style-type: none"> • 25 02 02(except codes 25 02 02 05 and 25 02 02 07) • 25 02 03
Implementing Body	MRDI, Roads Department (RD) and Investment Centre of Eurasia Transport Corridor (ICETC)	
Contact	Pavle Gamkrelidze - MRDI/Roads Department of Georgia	
PRIORITY	1. Improvement physical infrastructure and environmental protection	
Measure	1.2 Solid Waste Management	
Objectives	Reduce the negative impact of solid waste on the environment and on human health; Support formation of efficient solid waste management system.	

Rationale	The conditions of landfills have been very poor and the process of solid waste management has been ineffective for many years not only in rural areas but in large towns in Georgia. The situation of existing municipal waste landfills was especially poor .Usually waste has been dumped in nearby rivers and ravines ;in majority of villages the same practice has been observed. This negatively affects the environment and human health creates unfavorable conditions for living and recreation, and for using regions' tourism potential	
Activities	<ul style="list-style-type: none"> • Develop a landfill management system having ecological, financial and economic effect; • Construction/management of the new regional sanitary landfills according to the international standards; • Develop and implement the projects for improving existing landfills (for example internal infrastructure of landfills: roads and weighbridges, operator booth, fire-prevention shield, placement of waste, compact and cover with insulation layer and etc.) • Gradually prepare and implement existing landfills' compliance plan, based on the assessment of the risk level it may have on environment and health. • Identify , close and remediate the existing non-hazardous waste landfills posing risk on environment and health • Complete study of potential of energy recovery from existing landfills and facilitate its utilization; 	
Project Selection Criteria	<ul style="list-style-type: none"> • Level of environment and health risk based on the assessment of existing municipal landfill; • New regional landfill Area, climate and geographical conditions and capacity; • Density and economic activity of population living in the municipality; • Tourism development potential in the region or in the municipality 	
Target Areas, Groups, Sectors	<ul style="list-style-type: none"> • Municipal sites (except Adjara and Tbilisi) • All Regions • Population • Local governmental and non-governmental and business sector 	
Indicators & Targets	<p>Outputs:</p> <ul style="list-style-type: none"> • Number of improved/rehabilitated sites • Number of sites suspended • Number of old sites closed • Number of new regional sites 	By the end of 2017, the share of landfills with reduced negative impact environment and health will increase to 94 %
Financial Summary	<ul style="list-style-type: none"> • 2015 - 18.1 mGEL • 2016 - 7.7m GEL • 2017 -13.5 m GEL 	<ul style="list-style-type: none"> • Budget Code • 25 03 07 (2017 - 25 03 10) • 25 03 08 (2017 - 25 03 11) • 25 03 09 (2017 - 25 03 12)
Implementing Body	Ministry of Regional Development and Infrastructure of Georgia Solid Waste Management Company	
Contact	Lasha Mchedlidze – SWMC	

PRIORITY	1. Improvement of physical infrastructure and environmental protection	
Measure	1.3 Construction and rehabilitation of water supply and sewerage systems	
Rationale	A substantial share of the population of Georgia's regions doesn't have access to 24 hours potable water supply and sewerage system. To provide these services development of infrastructure, construction and rehabilitation of water and wastewater systems, pumping stations and treatment facilities are needed.	
Objectives	Ensure functioning of water supply and sewerage systems close to international standards in all regional centres and cities of Georgia – 24 hour, non-stop quality water supply for the population.	
Activities	Water extraction, processing and supply of drinking water to customers; designing, construction, installation, maintenance and operation of water supply and sewerage system; Manufacture and repair of water supply and sewerage system elements.	
Project Selection Criteria	Needs assessment and condition of water and sewerage systems in the regions	
Target Areas, Groups, Sectors	Big cities, tourist zones and 51 municipal centres. In general, at the moment, the UWSCG is serving 58 cities, towns and tourist zones.	
Indicators & Targets	<p>Outputs:</p> <ul style="list-style-type: none"> • Number of constructed and rehabilitated head works • Number of constructed filtration facilities • Number of metered new customers • Length (in km) of rehabilitated or newly constructed water system pipes • Number of new customers connected to the sewerage systems <p>Targets:</p> <ul style="list-style-type: none"> • During 2015 -2017 projects are to be implemented in 7 cities/towns/settlements. 	<p>Results:</p> <ul style="list-style-type: none"> • Population access to safe water supply increased from 25% in 2011 to 88% by 2019 • Population access to 24-hr potable water supply increased from 74% in 2011 to 95% by 2019

Financial Summary	<p>2015 – 135,4m GEL</p> <p>2016 – 157.9m GEL</p> <p>2017 – 180,5 m GEL</p>	<p>Budget Code</p> <ul style="list-style-type: none"> • 25 04 01 Kobuleti /MDF/EBRD/Oret • 25 04 02 MDF (EIB, EU) • 25 04 03 MDF (EIB, EU) • 25 04 04 Sewage system MDF (SIDA) • 25 04 05 MRDI/ABD • 25 04 07 MRDI
Implementing Body	<p>Ministry of Regional Development and Infrastructure of Georgia</p> <p>United Water Supply Company of Georgia</p>	
Contact	<p>Giorgi Archaia;</p>	

PRIORITY	1. Improvement of Physical Infrastructure and Environment Protection.	
Measure	1.4 Natural Disaster Risk Reduction and Protection	
Rationale	Georgian territory is characterised by specific geological structure and natural conditions. Development – reactivation of geological processes, risk of dangerous geological processes and consequently natural disasters are frequent in Georgia. Such disasters significantly affect the economic development of the country, damaging infrastructure and causing serious human injury. For minimizing natural disaster possible effect on human health and ecosystem and the risk of economic losses it is essential to carry out prevention, rehabilitation and adaptation measures in the vulnerable areas. Such as: development of an early warning system to predict natural disasters, elaboration of the plan of preventive measures considering the specifics of a region and construct/rehabilitation of appropriate physical infrastructure.	
Objectives	<ul style="list-style-type: none"> • To increase the possibility for accurate forecast of natural hazards (Part of the Ministry of Environment and Natural Resources Protection of Georgia) • To carry out preventive measures – construct/arrangement of appropriate infrastructure (part of the Ministry of Regional Development and Infrastructure of Georgia) 	
Activities	<ul style="list-style-type: none"> • Identification/analytical study of vulnerable territories and development/introduction of natural disaster/hazards forecast early warning system ; • Elaboration of the plan of preventive measures considering the specifics of regions; • Infrastructural activities to protect against natural hazards/disasters. 	
Project Selection Criteria	Based on analysis of developed geological processes most at-risk areas and infrastructure	
Target Areas, Groups, Sectors	Population on areas threatened the most by likely natural hazards/disasters, existing infrastructure, economic activity carried out on the territory.	
Indicators & Targets	<p>Outputs:</p> <ul style="list-style-type: none"> • Analytical study (report) prepared in order to forecast likely natural hazards • Developed natural disaster/hazards forecast early warning system (Number of vulnerable regions with the introduced system) • Elaborated plan of preventive measures (number); 	<p>Results</p> <ul style="list-style-type: none"> • The number of inhabitants protected from the disaster by bank fortification works in 2 km buffer zones will increased permanently • By the end of 2017, 23 thousands km of the banks will be protected • Historical industrial polluted zones decontaminated, the territories are cleaned and the possible risk of pollution and the possible negative impact on health is minimal.

	<ul style="list-style-type: none"> • Infrastructural projects implemented against natural hazards (number) • infrastructural projects implemented in the coastal zone in order to prevent natural hazards (number) • Number of old contaminated sites, which territory is determined to decontaminate • Area of the industrial decontaminated object territory 	
Financial Summary	2015 – 26.2 m GEL 2016 -16.8 m GEL 2017 – 18.1 m GEL	Budget Code 25 02 02 05 25 02 02 07 38 08
Implementing Body	Ministry of Regional Development and Infrastructure of Georgia – infrastructural works. National Environmental Agency Ministry of Environment and Natural Resources Protection of Georgia - Analysis	
Contact	Pavle Gamkrelidze – MRDI Maia Javakhishvili - Ministry of Environment and Natural Resources Protection of Georgia; National Environmental Agency Mariam Khvedelidze – National Environmental Agency	

PRIORITY	1. Improvement of Physical Infrastructure and Environment Protection.	
Measure	1.5 Georgia Forest Inventory and Implementation of a Stable Forestry Strategy	
Rationale	Forest area occupies about 40% of the territory of Georgia. Forests suffered tremendous loss due to illegal exploitation and the fire during Russian-Georgian war. However, a complete inventory of forest has not been carried out in the last 20 years so there is no detailed information about their conditions.	
Objectives	This measure aims to promote stable forest management and use to ensure fair and equal distribution of benefits among local communities.	
Activities	<ul style="list-style-type: none"> • Ensuring legal and methodological framework for the purpose of forest management effective system; • Further development of forest resources management electronic system; • Continuous training and professional development of the staff of the LEPL National Environment Agency; • Meeting demand for wood resource (including firewood) and development of mechanisms for diverse use of forests; • Implementation of forests maintenance and restoration; • Implementation of measures necessary for institutional empowerment of the LEPL National Environment Agency for purposes of effective forest management and improvement of physical protection of forests; • Implementation of forest inventory activities, creation of effective system for collecting data on forest condition, analysis and forest measures planning; • Clarification of the forest fund territories by means of state forest fund registration; it will prevent fragmentation and reduction of the forest territory; 	
Project Selection Criteria	Determination of quantitative - qualitative condition of forests which will create a basis for sustainable forest management planning and its rational development. Also it will enable to plan appropriate measures and to observe on forest dynamics	
Target areas, groups, Sectors	Designated competent authorities for forest management; local population and other national and international organizations.	
Indicators & Targets	Outputs: <ul style="list-style-type: none"> • Legislative base established • Arranged temporary nurseries (ha)Planted area (ha) 	Results: <ul style="list-style-type: none"> • Information on the number and existing

	<ul style="list-style-type: none"> • Planted Area (ha) • Treated Forest Fund area (ha) to improve the forests' sanitary conditions and for reducing progression of pests and diseases • Number of arranged and rehabilitated forest roads (km) • Wood cutting area (cubic meters) allocated for meeting the population demand on wood resources (including firewood) • Number of wood resources (cubic meters) issued by Logging tickets to ensure population and budget organisations with timber • State Forest Fund area (ha) issued with the right to use • Number of hectares registered (inventory taken) in the forest districts selected by priorities • Number of forest districts having (new) forest management plans • Number of special signs and information boards in fire- prone areas • Number of fire prevention lanes and mineralized zones in fire-prone areas • Number of regional forest districts equipped with primary fire inventory • Number of trained staff of the Forestry Agency 	<p>condition of forests in Georgia is available</p> <ul style="list-style-type: none"> • New standards in management of forests in Georgia applied • By the end of 2017, the area of inventoried forest /total forest fund of Georgia will be 18 %
Financial Summary	<p>Total Value by Year:</p> <p>2015 -1.8mGEL</p> <p>2016 – 3.2 m GEL</p> <p>2017 – 4,3 m GEL</p>	<p>Budget Code</p> <p>38 04 02</p> <p>38 04 03</p> <p>38 04 04</p> <p>38 04 05</p>
Implementing Body	Ministry of Environment and Natural Resources Protection of Georgia	
Contact Person:	Lia Komakhidze – National Forest Agency	

PRIORITY	2. Supporting the Development of SMEs and the Creation of New Jobs
Measure	2.1 Supporting business in Georgia’s regions through institutional and programming activities.
Rationale	The majority of companies registered in Georgia are SMEs and most are based in Tbilisi. However, the contribution of SMEs to Georgia’s output is quite small (16/17%). A lack of financial tools and insufficient funds for investment are common challenges for Georgia’s SMEs.
Objectives	<ul style="list-style-type: none"> • To promote micro and small business development in Georgia. • To stimulate local industrial and agricultural productivity.
Activities	<p>An “Enterprise Development Agency” has been established under the Ministry of Economy and Sustainable Development all activities of which are aimed at promoting entrepreneurial activities in Georgia , particularly in the following directions:</p> <ul style="list-style-type: none"> • Access to finances for SMEs; • Increase of export potential of Georgian products • Consulting service and knowledge delivery for improving the activities of companies <p>The agency is also an implementer of the State program “Produce in Georgia”. The program provides for promotion of activities of micro, small and medium enterprises through facilitating access to finances, to adequate infrastructure and through providing appropriate consulting services.</p>
Project Selection Criteria	<ol style="list-style-type: none"> 1. “Produce in Georgia” industrial part: this programme is implemented in cooperation with National Bank of Georgia. The agency co-finances annual interest rate of the beneficiary during the first 2 years. The decision on approval of loan is the discretion of a commercial bank. In parallel with approval of loan the compliance of presented project with state programme framework guidelines is identified (purpose of the loan is implied) 2. “Produce in Georgia” support to micro and small entrepreneurship: In case of the programme the projects are evaluated by contracted organization selected by state commission according to criteria defined by state programme
Target Areas, Groups, Sectors	<p>The target groups and areas are defined according to specificity of a project.</p> <ol style="list-style-type: none"> 1. “Produce in Georgia” industrial part: the programme is oriented on Legal Entities registered according to the law on entrepreneurship that are working in the following fields: processing of mineral products; production of construction materials; processing of paper, cardstock and wood; processing of iron; chemical production; pharmaceutical and textile production; mechanical engineering; production of electronic devices; production of mineral waters and other food products; development of hotel industry. 2. “Produce in Georgia” support to micro and small entrepreneurship: the programme is oriented on private entities registered according to the law on entrepreneurship. Within the programme the sphere of economic activity is not limited.

Indicators & Targets	Outputs: <ul style="list-style-type: none"> • Number of new enterprises • Number of existing enterprises reequipped; • Volume of loans issued by banks within the program • Volume of total investment to be implemented • Number of SMEs created in regions • Number of new work places created • Number of beneficiaries trained 	Results: <ul style="list-style-type: none"> • By the end of 2017, the share of jobs created within the total employed in SME increases to 2.2 % • Enterprises participated in the program will start exporting their production
Financial Summary	2015 -12 m GEL 2016 - 39 m GEL 2017 -30 m GEL	Budget Code 24 01 03 02 (2017 - 24 07 02)
Implementing Body	Enterprise Development Agency	
Contact	Otar Antia - Enterprise Development Agency	

PRIORITY	Priority 3: Rural development	
Measure	3.1 Improve Amelioration system management	
Rationale	In order to achieve objectives of the programme following steps should be undertaken: Restoration/rehabilitation of the existed irrigation and drainage systems and damaged reservoir dams. It is important to maintain the existing systems following the norm and standards. Step by step all the irrigation and drainage systems should reach their projected capacities.	
Objectives	This measure aims to improve irrigation water supply, to remove excess water from flooded areas, by maximum reduction of further development of such processes to increase the amelioration service area and create necessary conditions for grow and development of plants in the soil, which along with the use of modern agriculture technologies will ensure high quality and increased yields in order to guarantee food security of the local population and increase incomes in rural areas.	
Activities	Rehabilitation of Amelioration Infrastructure: <ul style="list-style-type: none"> • Construction/rehabilitation of irrigation reservoirs • Water supply for the villages located in the conflict zones • Rehabilitation of irrigation systems and individual hydraulic buildings. • Rehabilitation of drainage systems and main water channels. • Research, design, expertise and supervision activities under the rehabilitation programme. Technical exploitation of amelioration infrastructure: <ul style="list-style-type: none"> • Technical exploitation of irrigation systems' infrastructure • Technical exploitation of drainage infrastructure • Provision of the amelioration equipment, transportation, machinery and equipment in order to maintain the mechanical pumping stations 	
Project Selection Criteria	Priority will be given to the channels and schemes located in regions with agriculture and agribusiness potential with clear cost recovery possibilities.	
Target Areas, Groups, Sectors	Farmers, land owners, village population and other water consumers.	
Indicators & Targets	Outputs: <ul style="list-style-type: none"> • Additional 44,400ha of irrigated land • Improved water supply for additional 42, 900ha land • Additionally about 33-37 thousand beneficiaries will irrigate land plots full time. The result of the measures for the drainage systems will be: <ul style="list-style-type: none"> • Additional 18,600 ha of agriculture land under the proper drainage systems ready for cultivation • Status of meliorated land will be improved on 7,400 ha. 	
Financial Summary	2015 – 64,6 m GEL 2016 68.3 m GEL	Results:

	2017 70,3 m GEL	<ul style="list-style-type: none"> The share of ameliorated area out of total drylands will increase to 45% by the end of 2017 The share of the area protected from the flood out of total floodplain and wetland will increase to 33% by the end of 2017
Implementing Body	Ministry of Agriculture of Georgia (Ltd “United Amelioration systems Company of Georgia”)	Budget Code <ul style="list-style-type: none"> 37 01 14 01(2017 - 37 01 12 01) 37 01 03 37 01 14 03 (2017 - 37 01 12 04)
Contact person	Shalva Kereselidze - Ministry of Agriculture of Georgia	
PRIORITY	Priority 3: Rural development	
Measure	3.2 Improve access to finance <ul style="list-style-type: none"> Farmers and the enterprises have access to affordable loans and financial resources Co-financing food processing enterprises Assistance of the crop insurance program 	
Rationale	<ul style="list-style-type: none"> Access to affordable finance is one of the most important factors in agriculture and agribusiness development. Competitiveness of the local farmers and companies is directly connected with the implementation of the modern technologies and practices. Both of them need financial resources. It is important for the GoG to support development of the affordable financing for the beneficiary farmers and agribusiness. It is impossible to do so without different financial instruments and tools. Along with the access to affordable finance and technologies it is important to mitigate the risks existing in agriculture, which can be achieved by developing a well – organised private insurance system. 	
Objectives	This measure aims to increase access to finance possibilities for the small, medium, large scale farmers and farm groups. At the same time promotion of agriculture insurance and minimizing production – related risks. It will lead to the investments in modern technologies and commercially profitable agriculture.	
Activities	Financing production, processing and warehouse activities through the cheap loan programs using commercial financial institutions. Ministry of Agriculture will cover the interest rates of the loans (leasing) and participate in loan guarantee schemes. MoA will use the financial resources to pay interest for existed loans and loans (leasing) issued during the 2013-2014 calendar years. 2015 spring works will be financed additionally, small farmers to be able to grow annual and perennial crops. Agro- insurance project has been designed, have been formed contracts with insurance companies and the part of the insurance premium will be covered by the Government covers part of the insurance premium for farmers involved in primary production	

Project Selection Criteria	<ul style="list-style-type: none"> Agriculture projects are selected on the competitive bases. Preferences are given to the commercially viable and sustainable projects/ideas presented by the motivated entrepreneurs. Concerning the grant program priority is given to the entrepreneurs from economically less active municipalities with sound business plans and proposals. Funding will get all beneficiaries who participated in 2013- 2014 spring works program. All farmers engaged in primary production can take part in the insurance program. 	
Target Areas, Groups, Sectors	Project will be implemented on the national level; however special initiatives (like a grant program) will be focused on economically less active regions and municipalities.	
Indicators & Targets	<p>Outputs:</p> <ul style="list-style-type: none"> At least 2500 new loans issued through the Cheap Credit program Creation and financing of no more than 3 new enterprises in one target municipality 283, 346 beneficiaries will get a fixed (20 GEL) amount benefit in the form of agricultural inputs, the total value of the program will be 8,695,304 GEL. 473,884 beneficiaries will get benefit valued by 8,529,912 GEL in the form of agricultural inputs and the same beneficiaries will get benefit valued by 37,053,484 GEL for land cultivation activities. Government will spend up to GEL 10,000,000 for the insurance program 	
Financial Summary	<ul style="list-style-type: none"> 2015 - 28.7 m GEL 2106 - 48.9m GEL 2017-50m GEL 	<p>Results:</p> <ul style="list-style-type: none"> At least 50 new food processing enterprises will be launched In case of loss farmers will get back production costs The employment in the agriculture will be increased as the result of the program
Implementing Body	Ministry of Agriculture of Georgia (Agricultural Projects' Management Agency)	Budget Code 37 01 07
Contact person	Shalva Kereselidze - Ministry of Agriculture of Georgia	
PRIORITY	Priority 3: Rural development	
Measure	3.3 Other Programs (Testing and distributing new varieties; development of cooperatives; food safety and development of wine industry)	
Rationale	Development of agriculture is connected with the research and scientific studies, including trailing and adoption of new varieties and cultivars. From September 2014 DCFTA agreement started functioning that gives additional possibilities to the investors to produce and export different agriculture and food products from Georgia to EU. Harmonization of the legislation on food safety is one of the most important topics for farther expansion to the EU market. Small scale farmers will face problems and they will be less	

	competitive to diversify markets and introduce modern technologies and product. For this purpose GoG wants to promote farm groups and cooperatives in order to guarantee scale and success both on the local and export markets. Wine production volumes are directly connected with the promotion and diversification to the new markets.	
Objectives	These activities aim to farther develop Georgian agriculture and increase opportunities related to the export market and product diversifications. It will lead to the investments in modern technologies and commercially profitable agriculture. It will also contribute to the competitiveness of the local small and medium scale farmers	
Activities	<ul style="list-style-type: none"> • Support scientific research activities • Implementation of the food safety, phytosanitary and veterinary control measures; • Promote farm groups and cooperatives; • Georgian wine promotion campaign and market diversification activities 	
Project Selection Criteria	Project will be implemented on the national level; Selection will be made according to the opportunities related to the export, DCFTA and consolidation of farms.	
Target Areas, Groups, Sectors	Project will be implemented on the national level; Beneficiaries: National Food Agency; Research Centre, National Wine Agency;; Agriculture Cooperatives Support Agency	
Indicators & Targets	<p>Outputs:</p> <ul style="list-style-type: none"> • Number of Scientific studies • Number of food and agribusiness enterprises monitored against food safety measures • Number of research projects completed or in pipeline • Number of events financed through the Georgian wine promotional campaign • Number of agriculture cooperatives formed • Number of tests conducted for food safety and quality control 	<p>Results:</p> <ul style="list-style-type: none"> • Export of wine increased and market well diversified • Number of functional farm cooperatives increased • Decreased share of detected violations of food security norms out of all inspected documents/cases • Number of deceases (rabies and anthrax) detected per 100,000 animals will decrease

Financial Summary	2015 - 152.9 m GEL 2016 - 158.0 GEL 2017 - 100 m GEL	Budget Code 37 01 05 37 01 08 37 01 17 37 01 14 02 (2017 - 37 01 12 03) 37 02 37 03 37 04
Implementing Body	Ministry of Agriculture of Georgia; Scientific - Research Centre; National food Agency; Georgian National Wine Agency; Agricultural Cooperatives Development Agency; Agriculture Projects Management Agency	
Contact	Shalva Kereselidze - Ministry of Agriculture of Georgia	
PRIORITY	Priority 3: Rural development	
Measure	3.4 Develop the agricultural land market	
Rationale	Currently land market in Georgia is not well developed. Government of Georgia (GoG) still controls significant acreage of agriculture land that has to be privatized. Big portion of the land parcels owned by small and medium scale farmers are not registered. That limits possibilities of secondary market development and private investment in agriculture. GoG will redefine and test the policies and procedures for registration of agricultural land that would allow the majority of existing land ownership rights to be registered. Securing land titles and development of the secondary market will support investments in commercial agriculture.	
Objectives	This measure aims to contribute to the development agriculture land market, promote consolidation of fragmented parcels and increase investments in commercial agriculture	
Activities	Pilot project for land registration	
Project Selection Criteria	A pilot region was selected with well-developed or rehabilitated irrigation and drainage infrastructure to support private investments in agriculture and agribusiness. This pilot program will stimulate additional inflows of the capital. The criteria for selecting a Pilot Project will be the geographic location and the diversity of problems.	
Target Areas, Groups, Sectors	Location of the pilot projects was defined as: Karaleti (municipality of Gori); Djimiti (municipality of Gurjaani); Arboshiki (municipality of Dedoplistkaro); Arkhiloskalo (municipality of Dedoplistskaro); Salkhino (municipality of Vani); Manglisi (municipality of Tetrtskaro); Zaridzeebi (municipality of Tianeti); Veditkari (municipality of Martvili); Lakhamula (municipality of Mestia); Saguramo (municipality of Mtskheta); Mzisguli (municipality of Sagaredjo); Shuakhevi (municipality of Shuakhevi).	
Indicators & Targets	Outputs: <ul style="list-style-type: none"> • Legislation regarding ownership proposed • Within the pilot project Land registration strategy/rule book adopted Results: <ul style="list-style-type: none"> • The land market regulations will be improved 	

Financial Summary	2015 - 1.2 mGEL 2016 - 2.0 mln GEL 2017 – 2.4 mln GEL	26 09
Implementing Body	Ministry of Justice – LEPL National Agency of Public Registry	
	Tamta Chanturia - Ministry of Justice – LEPL National Agency of Public Registry	
PRIORITY	4 Tourism Development	
Measure	4.1 Tourism Development	
Rationale	One of Georgia’s main assets is its potential as an international tourism destination. However, no analysis has been carried out to evaluate the potential of Georgia’s regions as tourist destinations and there is no consolidated database of tourist assets. Promotion of Georgia as an international tourist destination is not managed in a developed fashion and there are low overall levels of relevant skills (e.g. in hotel management and related services).	
Objectives	This measure aims to support and promote the development of Georgia’s tourism industry.	
Activities	<ul style="list-style-type: none"> • Promotion of the Country’s tourism potential through marketing activities • A study of each region’s tourism resources and potential including cultural and natural resources • Promotion of domestic and international tourism • Development of a tourism information centres’ network • Improvement of the quality of service in tourism through training • Development of small-scale tourism infrastructure 	
Project Selection Criteria	Selection will be based on the statute of the Georgian National Tourism Administration	
Target Areas, Groups, Sectors	Georgian and international travellers; Representatives of private sector	
Indicators & Targets	Outputs: <ul style="list-style-type: none"> • Number of regional studies completed • Number of information centres established • Number of training courses provided and participants • Number and type of promotional activities undertaken • Number of “tourism products” developed. 	Results: Number of international travelers to Georgia will increase Foreign currency inflow from tourism will grow
Financial Summary	<ul style="list-style-type: none"> • 2015 - 23 m GEL • 2016 - 25.1 m GEL • 2017 - 50 m GEL 	Budget Code 24 05 02
Implementing Body	Georgian National Tourism Administration	
Contact	Rusudan Mamatsashvili - Georgian National Tourism Administration	

PRIORITY	5 Improvement of Human Capital and Development of Vocational Educational Institutional Capacity at Sub-National Level	
Measure	5.1 Labour Market Demand Survey	
Rationale	Unemployment rate in Georgia is the most acute social-economic problem and country's most important challenge. It is necessary to create needed measures for the effective functioning of the Labour Market for reducing unemployment and assisting employment promotion. In order to have a general picture of the labour market, it is necessary to obtain a range of information and comparative analysis, which means conducting a labour market survey to determine the balance between labour supply and demand. Without conducting similar studies systematically and without the existence of a common information base, it is difficult to predict the demand for labour force	
Objectives	The goal of the survey is to prepare detailed information on the attitude/demand of employers on labour market, study of the needs of employers, obtaining information on the demanded professions and competences. .	
Activities	<ul style="list-style-type: none"> • Creating adapted research instruments considering existing labor market conditions in Georgia • Surveying sample of Georgian entrepreneurs using such instruments • Processing and analysing the received data • Introducing the results of the survey to business, government, media, scientific, academic and research institutions as well as NGOs and international organizations; • Publishing a report on survey results; • Publishing results on the web page. 	
Project Selection Criteria	<p>. Sampling of entrepreneurs is based on widely used method, which envisages sampling of entrepreneurs by municipalities and field of activity. The information from each enterprise/economic sector should include:</p> <ul style="list-style-type: none"> • The volume of production • The employment of different occupations • The qualification requirements for current vacancies • Detection of shortage problems regarding the provision of qualified labour • Expectations regarding the number of employees in each occupation one year ahead 	
Target Areas, Groups, Sectors	Selected enterprises.	
Indicators & Targets	<p>Outputs:</p> <ul style="list-style-type: none"> • Labour Market Survey Prepared 	<p>Results:</p> <ul style="list-style-type: none"> • Quality of information to jobseekers about demands of the labour market will be improved • Opportunity of the State to prepare and implement labor

		market policy (its role, priorities and activities)
Financial Summary	Total Value by Year: 2015 - 0.8 m GEL 2016 - 0.3 m GEL 2017 - 0.3 m GEL	Budget Code 35 05 03
Implementing Body	Ministry of Labour, Health and Social Affairs of Georgia	
Contact	Giorgi Gamkrelidze - Ministry of Labour, Health and Social Affairs of Georgia	
PRIORITY	5 Improvement of Human Capital and Development of Vocational Educational Institutional Capacity at Sub-National Level	
Measure	5.2 Rehabilitation of Existing Colleges, Construction, Equipment and Staffing of New Regional VET Colleges	
Rationale	According to recommendations of a Commission appointed on the order of the Minister of Education and Science in 2013, it has been decided to open 26 well-equipped vocational colleges meeting the socio- economic challenges existing in Georgian regions to provide a high quality service.	
Objectives	The objective is to provide high quality vocational training facilities throughout the country	
Activities	It is planned at the initial stage to establish at least one vocational college each year. In addition, efficiency of the existing colleges will be evaluated and reconciled their development plans to the regional needs. Rehabilitation of infrastructure and equipping of colleges are also envisaged.	
Project Selection Criteria	The selection of colleges for rehabilitation and refurbishment will be based on the Ministry's Action Plan which identifies the priority actions for the coming years. The establishment of new VET colleges will be based upon the availability of additional resources from the private sector as well as the needs determined by the Ministry's own Strategy.	
Target Areas, Groups, Sectors	The location of the 26 new colleges has already been defined and the choice will be dependent on the availability of private sector funding as noted above.	
Indicators & Targets	Outputs: <ul style="list-style-type: none"> • Number of new colleges constructed/renovated, equipped and staffed by specific regions; • Number of existing colleges constructed/renovated, equipped and staffed in specific regions Results: <ul style="list-style-type: none"> • Number of new students in VETs across Georgia will increase 	

Financial Summary	Total Value by Year: <ul style="list-style-type: none"> • 2015 – 12.9 m GEL • 2016 –10 m GEL • 2017 –16.0 m GEL 	Budget Code 32 06 02 02
Implementing Body	Ministry of Education and Science of Georgia	
Contact	Natia Gvirjishvili - Ministry of Education and Science of Georgia	
PRIORITY	5 Improvement of Human Capital and Development of Vocational Educational Institutional Capacity at Sub-National Level	
Measure	5.3 Agriculture Related VET & Extension Systems	
Rationale	The Agricultural sector plays an important role in social and economic development of Georgia as the agriculture is the dominating source of financial and non-financial incomes for the rural population. An important element in providing support to the farming world is the development of a high quality training and extension system that will provide farmers with the necessary knowledge to increase their productivity and income.	
Objectives	Development of a system of high quality vocational training and extension services in agriculture that will result in improved livelihoods of the rural population	
Activities	<ul style="list-style-type: none"> • 1/8 VET colleges and 7 state Information Consultancy Centres will be assisted in the development and delivery of innovative, relevant and effective training programmes and advisory services. At least 10,000 farmers will have access to these systems. • 2/ Systems to produce qualified human resources (multipliers) that can offer various types of trainings and services to farmers and capacitate them with knowledge and practical skill will be set up in close collaboration with national partners and other SDC projects. • 3/ By bringing the strengths of the private and public sectors together the project will facilitate the setting up of a public private cooperation and partnership model for coordination and provision of VET and extension services in agriculture. Public and private stakeholders' capacities will be strengthened, and cooperate under a national level platform. 	

Project Selection Criteria	The project is designed based on consultations among SDC and UNDP and relevant national stakeholders	
Target Areas, Groups, Sectors	The most important public stakeholders include the MoA, MoES, TPDC, NEQEC ¹ , Municipalities, institutions of higher education, public VET colleges and the newly set up state Information Consultancy Centers for farmers	
Indicators & Targets	<p>Outputs:</p> <ul style="list-style-type: none"> • Number of teachers trained in introducing vocational education and innovation; • Number of supported projects to improve learning environment (infrastructure, training materials, and equipment) • Number of VET colleges and Information Consultancy Centers having introduced effective and innovative learning programs in agriculture and can deliver extension service • Number of agricultural sector service providers (farmers, veterinarians, 	<p>Results:</p> <ul style="list-style-type: none"> • Share of trained VET teachers will increase • Number of students attended VETs supported by the project will increase • Number of trained farmers

¹ National Education Quality Enhancement Centre

	<p>zoo-technicians, food processors and etc.)</p> <ul style="list-style-type: none"> • Creation of the platform that provides participation from public and private stakeholders and ensures coordination and provision of VET and consultative services 	
Financial Summary	<p>Total Value by Year: 2015-1.5 mln GEL 2016-1.8 mln GEL 2017-0.9 mln GEL</p>	The resources are not allocated from the State Budget, no budget code
Implementing Body	Ministry of Education and Science of Georgia, Ministry of Agriculture of Georgia, UNDP	
Contact	George Nanobashvili - UNDP	
PRIORITY	5 Improvement of Human Capital and Development of Vocational Educational Institutional Capacity at Sub-National Level	
Measure	5.4 Training of VET Teachers and Continuous Professional Development	
Rationale	In the Vocational Education Reform Strategy (2013 – 2020) the following was prioritized: Training and development of vocational education teachers; Regular and Systemic trainings in educational institutions to develop competence; Attracting new human resources; Keeping existing ones and supporting professional development.	
Objectives	Improvement in the quality of teaching in VET schools	
Activities	Long term trainings for VET teachers and Short term subject related trainings provided through The Teachers’ Professional Development Centre of the Ministry of Education and Science. Teachers have an opportunity to learn about experience of using modern technologies, teaching and share successful teaching practices.	

Project Selection Criteria	The topic of each training will be defined based on professional standards and teachers' needs analysis.	
Target Areas, Groups, Sectors	Target group: All VET teachers Beneficiary: Teachers' Professional Development Centre of the Ministry of Education and Science	
Indicators & Targets	Outputs: <ul style="list-style-type: none"> • Formation of a system for VET teachers professional development • Number of trainings conducted in accordance with the needs identified and number of teachers trained. • Number of training conducted in a real working environment (enterprises, companies) and number of teachers trained. 	Results: <ul style="list-style-type: none"> • Number trained VET teachers will increase • Quality of teaching and assessment process will improve
Financial Summary	Total Value by Year: 2015 - 13.2 mln GEL 2016 - 0.3 mln GEL 2017 - 0.3 mln GEL	From the Budget Code 32 02 02
Implementing Body	National Center for Teacher Professional Development of the Ministry of Education and Science of Georgia	
Contact	Natia Gvirjishvili - Ministry of Education and Science of Georgia	
PRIORITY	5 Improvement of Human Capital and Development of Vocational Educational Institutional Capacity at Sub-National Level	
Measure	5.5 Training of Public Servants in the Regions	
Rationale	Development of institutional capacities at sub-national level is largely linked with the necessity of raising the level of qualification of local public servants, as well as State-trustee Governors' Administrations' and MRDI's civil servants	
Objectives	<ol style="list-style-type: none"> 1. Nation-wide mechanism for continuous and systemic capacity development of regional and local authorities operational and co-funded by the state and municipal budgets 2. Training of State-trustee Governors' Administrations' and MRDI's civil servants 	

Activities	<ul style="list-style-type: none"> • Support in developing and implementing a training system for local civil servants • Support local self-governments in introducing necessary pre-conditions for their participation in the Training System • Facilitate delivery of the required trainings to local authorities through the established Training system • Develop knowledge and skills of local civil servants in the priority areas • Support capacity building process of training providers and their connection with municipalities • Support to create training modules adapted to needs of municipalities and development of training system to support local self-government reform. • Training of State-trustee Governors' Administrations' and MRDI's civil servants 	
Project Selection Criteria	<ol style="list-style-type: none"> 1. Development of local civil servants' training system 2. Training providers selected to train State-trustee Governors' Administrations' and MRDI's public servants by UNDP in coordination with CEGSTAR (LEPL Vano Khukhunaishvili Center for Effective Governance and Territorial Arrangement System Reform). 	
Target Areas, Groups, Sectors	<p>Target Area: All municipalities of Georgia and civil servant employed in the municipalities</p> <p>Target Group: Civil servants of State trustee-governors' administrations and MRDI</p>	
Indicators & Targets	<p>Indicators:</p> <ul style="list-style-type: none"> • No of municipalities with effective HR policies • No of new training programmes (curricula) developed • No of joint actions of the training providers and municipalities implemented; • No of persons/days of trainings organized; • No of local officials trained (gender disaggregated) • No of trained civil servant employed in State trustee-governors' administrations and MRDI 	<p>Result:</p> <p>Effective training system will be established and operate</p> <p>Share of trained local public servants to total local public servants will increase</p>
Financial Summary	<p>Total Value by Year:</p> <p>2015 - 0,5mlnGEL</p> <p>2016- 0,3mlnGEL</p> <p>2017 - 0,2mlnGEL</p>	<p>The resources are not allocated from the State Budget, no budget code</p>

Implementing Body	UNDP with cooperation to the Ministry of Regional Development and Infrastructure of Georgia
Contact	Nino Kakubava - UNDP