

Local economic development plan

Municipality: Rustavi

*Rustavi - City of Innovations*

2018 Year

# **Preface from Mayor**

Citizens of Rustavi,

For our city development, sustainability and prosperity its proper and consistent economic development is essential. Preparation of economic development strategy and action plan is precondition for such consistent development.

We need to have common vision how our city economy should be in short and long-term perspectives, how it should be developed, what roles the local government, business sector and our international partners has to perform in this process.

In 21st century, with its fast developed technologies, everyday innovations and rhythm there is no room for chaotic and unsystematic development. It’s necessary to have well-developed vision and directions which will be in compliance with modern challenges and opportunities at the same time.

Below given short-term economic development strategy and action plan is a step forward in such systematization process. With its help one can understand how the local government, its local and international partners see upcoming steps for economic development.

In the process of preparation, the plan we tried to use as much as possible the data in our hands, local and international experience, the resources of our specialists working at our services and partners’ support.

The plan consists of development vision for two years, aims and objectives, the list of those resources and partners which will help us in implementation of activities written in the plan.

Though the major resource is our will and striving to make Rustavi city as developed, rich, beautiful, comfortable and safe city for living.

Let’s work together for city economic development!

With joint effort let’s overcome those obstacles of the 21st century which the city faces!

Let’s show to others that Rustavi city can tackle its problems and take the worthy place among the cities of the 21st century!

Best of luck to each of us!

Irakli Tabaghua

Mayor of Rustavi City Municipality

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# **Executive Summary**

The municipality employees, the representatives of business and civil sectors participated in the process of the drafting the document.

As a result of SWOT analysis the following aspects of economic development were revealed: the city has sound potential for future urban development, the city is growing, there is a professional training center, which will support meeting requirements of developing business in terms of qualified staff. Due to its convenient geographical location it will be reasonable to create infrastructure for logistics and storage. The city has potential for tourism development. The self-government of the city represents one of the most transparent and open throughout the country. It is ready to test any idea and especially is interested in innovative development of the city. The local administrative services are simplified and decentralized utmost. The city owns huge recreational spaces which makes possible to create necessary infrastructure for rest and entertainment. In case of reinvestment the business is free of local tax. ***All of these above mentioned is precondition for making Rustavi city as regional economic and logistics center, with permanently growing places for recruitment, diversifying economy, sound base of professional training, environment for supporting innovations and attracting investments.***

For making this vision realistic the following objectives have to be reached:

Objective 1: Attracting local and international investors

Objective 2: Growing tourism attractiveness of Rustavi

Objective 3: Development of recruitment market

For achieving mentioned objectives the action plan consists of such type activities, as: inventory of existing lands in Rustavi city, drafting investment packages, creating care system for investors, creating strategy for city brand, creating and operating communication network among local self-government, business and educational spheres, organizing job fairs, studying tourism potential of the city and its development, conducting necessary activities for creation free economic zone in the city.

For conducting above mentioned activities the tentative cost is 445,000 GEL. Out of this sum 290,000 GEL comes from local budget and for allocation 155,000 GEL the work with local and international donors is needed.

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# **3.4. Abbreviations**

M4EG - Mayors for Economic Growth

LED - Local Economic Development

LED Working Group - Working Group on Development Local Economic Development Plan

UNDP - UN Development Program

NNLE - Non-profit (Non-Commercial) Legal Entity

LEPL - Legal Entity of Public Law

SWOT Analysis - Analysis of Strengths, Weaknesses, Opportunities and Threads

# **4. Introduction to the Plan**

In July 2017 the Rustavi Municipality signed the Memorandum of Understanding with EU initiative ‘Mayors for Economic Growth’.

The economic growth is the major precondition for general development of the municipality.

Any development is unimaginable without well-developed vision and objectives. Those activities which are not foreseen for achieving certain, common and logic objective are inefficient and loss-making. This document serves for creating common vision and objectives as well as discussing activities for their achievement and resources.

M4EG gives the municipality possibility to become the participant of that huge and interesting program in frame of which the municipalities included in the program and with the support of international and local experts, through sharing experience and training, will create economic development plans. In the frame of the program the necessary support from the initiative donors can be received for implementation of the plan.

The mentioned plan is in compliance with the 4 points plan of the country development, such as: Georgia’s Socio-Economic Development Strategy 2020, Kvemo Kartli Development Strategy for 2014-2020, Governmental Program for 2016-2020 - Freedom, Fast Growth and Prosperity. Also this plan is logical continuation of the mid-term priorities document drafted in Rustavi in 2015 and 2016, Georgia’s Urban Strategy drafted by World Bank and ‘Georgia’s Regional Development Program for 2018-2021’.

The Economic Development Strategy and Action Plan of Rustavi city are in compliance with three thematic blocks of M4EG initiative: 1. Land and Infrastructure 2. Human Resources and Inclusiveness 3. External Positioning and Marketing.

By joining initiative, the municipality was enabled to get new knowledge and skills for drafting strategic plan on the one hand and on the other hand to work with local business and civil sector for drafting mentioned document.

Rustavi city is the administrative center of Kvemo Kartli. It is located on the flat of Kvemo Kartli, 350 meters above sea level. Its territory counts 73,6 square km. The river Mtkvari divides the city into right and left banks. Rustavi borders with Gardabani and Marneuli municipalities. Rustavi city is connected with the Capital city by modern transport system (highway). The distance till Tbilisi International Airport is 20 km, distance till Customs Economic zone is 17 km, distance till the Azerbaijani border is 30 km, distance will Armenia border is 45 km on the Silk Road.

The population of Rustavi is 125000 persons according to the 2014 census. Out of which 52% is women and 48% is men. The number of youth of age 18-29 is up to 18000. The number of employable persons is 75698 totally. Out them up to 40,000 are women, the rest are men. Rustavi represents the only regional city in Georgia whose population is increasing due to the number of people coming from other municipalities. According to 2014 data the internal migration from the city was 14,449 persons, visiting persons - 43,872.

# **5. Process of Local Economic Development Plan development**

Rustavi Municipality joined the program M4EG in August 2017. At the same time the LED Officer was appointed by the Mayor’s order whose tasks were coordinating process of drafting action plan. After several meetings with the business and civil sectors the LED group was formed consisting of 4 members: Assistant to Mayor, Head of Economic Development Unit, the representative of NGO sector (Civil Development Agency CIDA) and the representative of business sector.

In the working process several meetings with the business sector were conducted. The first meeting was attended by up to 40 representatives of business operating in the city. During this meeting the presentation of initiative was made and important messages from businessmen was received. Next meetings with concrete groups as well as consultations with local businessmen on important issues raised during work of LED group were organized.

Most important were those meetings which were conducted about legislative and institutional frames where large-scale businessmen in the city were invited and the talks were referred to those regulations and legislative issues which they face in their activities.

In the working process workshops conducted by M4EG initiative were important, where municipalities included in the initiative were given possibility to make presentations about their works and get comments from the colleagues, international and local experts.

Throughout the whole process on the plan the Rustavi LED group was actively communicating with the representatives of M4EG and other municipalities. The process of drafting the plan was broadcasted by local TV company for several times.

# **6. Local Economic Analysis**

# ***6.1 Analysis of Local Economic Structure***

Rustavi is the fourth city by the number of population in Georgia and represents the main urban center of Kvemo Kartli. The city was built in 1940-ies by the process of industrialization in Soviet Union and counted more than 90 large-scale and medium size industrial enterprises. Despite the fact that in 1990-ies the enterprise process was decreasing, nowadays Rustavi is becoming as main industrial center of Georgia.

Taking into consideration assets and resources, in terms of effective investment and infrastructure policy, the city has important potential for industrial sector development, it refers to power growing potential of nitrogen chemical factory, Rustavi metallurgical factory, carriage building factory, cement and metal construction enterprise in Rustavi.

Next industrial growth depends on full and effective use of existing industrial potential and material assets. Effective use of assets and resources, efforts towards stimulation of local and foreign investments, utmost encouragement of enterprising oriented on quality and export, systematic care of rising qualification of local staff, increase access to bank loans, creation of alternative markets of funds, respective use of various endogenic and exogenic factors play determinative role in the development of industrial sector.

By November 2016 Rustavi is in the top five list of territorial units by the number of registered business subjects.

By latest data in total 3154 business subjects by sectors are functioning in Rustavi, the registered business subjects are presented below

Table 1

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Type of Economic Activity****Totally Registered** | **Number****583** | **Small****97%** | **Medium****2%** | **Large-Scale****1%** |
| **Agriculture** | 19 | 100% |  |  |
| **Industrial Activity** | 424 | 68% | 15% | 17% |
| **Retail Trade** | 1752 | 98% | 1% |  |
| **Wholesale Trade** | 19 | 95% | 5% |  |
| **Medical Services** | 85 | 80% | 20% |  |
| **Legal Services (Notary, Lawyer)** | 12 | 100% |  |  |
| **Living Services (hairdresser’s service, laundry service, car repair service, minor repair services)** | 324 | 100% |  |  |
| **restaurants, cafes, bars and other** | 92 | 98% | 2% |  |
| **hotels, hostels, other** | 8 | 100% |  |  |
| **IT Services** | 48 | 100% |  |  |
| **Transport** | 76 | 98% | 2% |  |
| **Reconstruction, developing business** | 163 | 85% | 15% |  |
| **Communication Service** | 4 | 100% |  |  |
| **Waste Recycling** | 1 |  | 100% |  |
| **Cultural Heritage** | 1 | 100% |  |  |
| **Other** | 126 | 100% |  |  |

The number of employees in Rustavi Municipality represents 38% of total population.

# ***Diagram 1. Distribution of Recruitment by Work Spheres:***

Mostly Rustavi is specialized in industry and also it is named as regional trade center. The preference of this city is the strategic-geographical location, proper transport infrastructure, close to Tbilisi, Tbilisi International Airport, also borders of Armenia and Azerbaijan. In comparison with Tbilisi and total region the expenditures are significantly low, including living, employee, land and real estate costs.

The convenient geographical location, close to Tbilisi and developed inter-city transport infrastructure give Rustavi the possibility to become as trade and logistics center.

In the latest period Rustavi became the biggest auto trade center in the South Caucasus which is caused by moving auto trade market from Tbilisi to Rustavi in December 2009. The first important investment was made by the Ukrainian Company. The company opened the biggest auto market in the South Caucasus which is stretched on approximately 50,000 square meters and counts up to 5,000 cars. The customers are visiting Rustavi even from Armenia and Azerbaijan. The market is attractive for them due to low taxes and close to Service Agency (where the cars are registered). The local and foreign investment is rapidly growing on the market.

The East-West Highway is situated close to the city and improved railway line will connect it to Black Sea Port soon.

Since 2014 the developing business in the city is actively growing. It may be said that this is the most actively increasing sector in the city. The supporting factors for the developing business are main construction materials, such as: cement and armature are produced in Rustavi. Accordingly, the developing business is the biggest consumer of local production and actively participates in creating value chain.

Additionally, local companies have good access to international markets, they depend on enterprise tools imported from Turkey, Ukraine, China, Russia and European countries. The last production is brought on market through South Caucasus.

Industrial spheres can be presented on global market if they meet international standards.

# ***6.2. Local Cooperation and Networking***

The cooperation with various interested parties is paid important meaning by the local self-government. For discussing important issues, the local self-government contacts those players whose involvement in the process is extremely important, organizes the meeting where the issue is discussed, its objectives, activities and possible results are presented. Also the existing readiness among participants for inclusion in the process is shown. At the initial stage of preparation, the local economic strategy the same type of meeting was conducted by the initiative of the city self-government where the representatives of various enterprises and organizations working on Rustavi territory took part. This meeting was precondition for creation the working group which gathered the representatives of local self-government, non-governmental sector and business.

For drafting economic development plan this is the most optimum method as it is difficult to collect several dozen people systematically and facilitate their work on high level.

Generally, for solving a certain issue on municipality level and creating real effect it’s better to work in small groups and after drafting the initial version of document present it to wide audience for discussion.

# ***6.3. Business-Friendly, Transparent Corruption-Free Administration***

The Rustavi City Municipality permanently strives to improve and make its own services accessible for both its citizens and business sectors, it may be said that creation of comfortable, convenient and transparent business environment represents the most important priority for Municipality self-government. Interested businessman is able to contact the representatives of local self-government who assist him/her in arranging a number of administrative, infrastructure and recruitment issues in the frame of law without any obstacle and delay. The City Mayor’s Office plans to simplify service access more, for that particular reason it actively cooperates with Public Service Development Agency at Ministry of Justice and Municipal Service Development Agency at Tbilisi City Hall. In 2017 Municipal Management System (MMS) was developed at Mayor’s Office which simplified and speeded up the access to architectural, property management and supervision services. At this stage the negotiations with Municipal Service Development Agency are on-going for implementing online issuance system of above mentioned services.

The Rustavi City is the only regional city in Georgia which has prepared and accepted open governance strategy. One of the directions of mentioned strategy is improvement of services. Also Rustavi is included in the Georgia’s National Anti-Corruption Action Plan and Georgia’s Open Governance Action Plan, which also ensure creating open environment free from corruption at Mayor’s Office in Municipality.

Generally, the index of city transparency always gets high score by international and local experts. The city also has got Open Governance Strategy (the only one in Georgia’s regions) which serves as the guarantee for its transparency, accountability and openness.

For years Rustavi is mentioned as the most open and transparent municipality in various researches which proves the lack of corruption risks in the city self-government and this on its hand is a good precondition for business activities locally.

# ***6.4. Access to Finances***

The financial sector is well-developed in Rustavi city. Almost all bank institutions and financial organizations functioning in Georgia are presented here. The state program ‘Enterprise Georgia’ supports development of city business sector which funded 15 various business in 2015-2017 years. The same projects are not implemented by the Municipality self-government in Rustavi.

The hindering factor for access to finances likewise in the whole country represents high interest rate on business loans.

Somehow the problem for startup businessmen is limited knowledge of relations with financial institutions, that’s why they face difficulties in drafting comprehensive business plan and receiving funds.

# ***6.5. Land and Infrastructure***

At this stage the city self-government started inventory process of land plots in existing industrial zone of the city. The following picture is revealed:

Rustavi Industrial Zone is very profitable for different types of business activities. At this stage the following land plots areas are described:

* Municipal property 16,51 ha
* State property 316,95 ha
* Private property 876,51 ha

# ***Diagram 2 Sectoral Distribution of Land Plots existing in Rustavi Industrial Zone***

As the incentivization process shows 1% of the land is in the municipal ownership, 26% - in state ownership, and 73% - in private ownership.

Land plots in municipal ownership are distributed on huge areas, land plots in state ownership are close to one another.

In Rustavi Industrial Zone:

* The land price is lower than in Tbilisi
* On mentioned territory and especially close to it (nearby 100-150 meter) all communications are located (electricity, gas supply, water supply, channels)
* The main railway line is situated right in zone with its various branching
* Roadway is in the zone
* High voltage sub-stations are operational in the city (35,110 and 220 kilo watt)
* In the distance of 50 meters from the roadway the channel of technical water is situated

Current land resources and infrastructure situated on it gives good possibility for creation free economic zone or free industrial zone on city territory. This issue was raised several times on different levels and is still urgent, though any activity in this direction is not conducted yet.

As it seems there is sufficient land with well-developed infrastructure on the city territory. The main hindering factor is that only 1% of this land belongs to Rustavi City Municipality, that’s why the investors are forced to contact Ministry of Economy. This causes decrease of the role of Rustavi City self-government with investors. If dispose of land plots on city territory is not transferred to local government the risk might occur that either economic activity won’t increase on mentioned territory or such type of business might be developed which neither be profitable for the city nor create job places.

The lack of territories in the city ownership causes decrease of applications submitted by parties interested in purchasing land during last 4 years.

# ***Diagram 3 Number of Demand on Purchase of Land 2014-2018***



# ***6.6. Regulatory and Institutional Framework***

Local self-government strives to simplify those regulations at utmost which is necessary for businessman for starting and developing activities. By the decision of self-government, in case of re-investment the business might be free of local taxes. The self-government tries, in case of receiving interesting investment proposal, meet the business subject’s requirement in the shortest period of time and in the frame of law.

The business representatives claim that there are no common environment protection standards and they are set individually for all enterprises.

# ***6.7. Skills and Human Resources, Inclusiveness***

Business units in Rustavi city lack qualified skilled technical employees. Despite the fact that Rustavi was an industrial city and a large number of technical elite society was living here, the economic processes in last 25 years had bad impact on qualified human resources in the city. The part of those people who were working at factories passed away, the other part left the country or changes the profession, the part doesn’t meet the modern technological requirements.

It’s true that the professional training college ‘Modusi’ is functional in the city, though its capacity and resources is still insufficient for meeting current demands.

For tackling this problem several enterprises have opened capacity building training courses on their basis, though these courses are in compliance with their own demand.

Rustavi City Mayor’s Office has its Recruitment Unit where on the one hand the data about job seekers is collected and on the other hand the businessmen’s requirements for finding human resources are given. According to the current situation out of up to 200 job seekers registered in the database, the absolute majority of people with technical specialty are above age of 45. Among youth there are up to five IT specialists, the rest of seekers are either with secondary education or different humanitarian specialties which are less requested.

On the other hand, according to the surveys conducted in city enterprises the technical and engineering specialties are requested. The same incompatibility between demand and supply increases unemployment and in most cases brings employees out of the city or country.

For tackling the problem, it is necessary to create coordination unit in the self-government, which will ensure simultaneous cooperation between local business and professional training centers. The government of the city considered the work of the same system during the visit in Poland and duly evaluated its efficiency.

# ***6.7. External Positioning and Marketing***

Rustavi City has several directions for profitable business development which proper presentation and packaging will have positive impact on investors.

In this direction up today the following activities are conducted:

In 2016 during the City Days celebration the Rustavi Business Forum was organized where the local and foreign investors participated. They got familiar with city investment climate. Though this event was once.

The city self-government has prepared several presentations on both city investment possibilities and current land resources in the city. The mentioned presentations are being disseminated during different business visits.

At this stage the city lacks proper communication strategy and its external positioning is made spontaneously, case by case.

The city lacks comprehensive branding.

Less is used such type of good opportunities like: current auto market close to the city and MIA Service Agency. 90% of people visiting this place are not entering Rustavi city because they are not aware of this city. It is necessary to hang information banners on the territory of auto market and Service Agency which will give the visiting consumers the information about the locations existing in the city.

It is necessary to systematize this issue. New unit has to be formed or the task on working on external branding has to be given to any existing unit, such as: making presentation, video clips, business forums and exhibitions. During the celebration of City Days which is visited by the representatives of more than 10 countries the special attention has to be paid to preparation of information materials on city investment opportunities and perspectives for possible investors.

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

# ***Table 2. SWOT Analysis***

|  |  |
| --- | --- |
| **Strengths** | **Weaknesses** |
| - convenient geographical location- developed transport and railway infrastructure- developed electronic technologies infrastructure- professional technical elite- close to huge resource of fresh water- renewable energy resources (wind, sun)- existence of unbuilt huge reserve territories- auto trade market- cheap employees- in case of reinvestment local tax free- growing human resources- recreational areas on big areas (700 ha)- dry climate | - low level of employees’ professional background and qualification- low level of awareness about investment opportunities existing in municipality- insufficient experience of investment works and lack of investors- low level of operation of business associationsabsence of strategy for city industrial and technological development |
| **Opportunities** | **Threats** |
| - Implementation of enterprise development programs by donor organizations- development of logistics centers- use of traditional and alternative sources of energy- training in applying new technologies on the basis of professional training college ‘Modusi’ and its fablab - participation in international exhibitions | - low investment activities- political instability- internal and external migration- absence of regional development state strategy |

SWOT spreadsheet shows that the city Rustavi has territorial and human resources for further economic development. The territorial resource gives development opportunity for both increase of enterprise territories and development of recreational rest and entertainment business. Location of city close to main regional transport routes is good precondition for development local logistics and storage businesses. The professional training college in the city gives opportunity for employment market, the fablab existing on its basis and intensive cooperation with Georgia’s technical park creates possibility for development business based on innovative topics in the city. In future perspective the alternative energy sources can be developed in the city. The natural resources give such chance. Generally, the geographical location of the city creates possibility for the city to take the position in that sector which is not yet developed today - tourism. The Soviet period tourism can be developed in the city. Also it is possible that Rustavi will be developed as the tourist hub where on the one hand the tourist base locations will be created and on the other hand travel routes of tourist locations around the city will be formed. A number of the same locations are around Rustavi in the radius of 100 km.

According to the above mentioned analysis in long-term perspective the following economic directions can either be developed or created in the city:

* On the territory of Rustavi City in industrial zone free industrial zone can be created
* Development of innovative sectors of economy
* Rustavi as tourist hub of region
* Soviet tourism development
* Use of energy resources
* Creation of storage businesses

# **8. Vision & Objectives**

**Strategic vision**

Rustavi City is regional, economic and logistics center, with permanently growing recruitment places, diversified economy, sound base for professional training, environment supporting innovations and attracting investments.

**Key objectives**

**Objective 1** Attracting Local and International Investors by Creating Interesting and Convenient Business Environment for Them

The objectives itself includes collection of activities which will support the city in becoming more attractive for local and international investors. The products have to be prepared, the services have to be created and the activities conducted which will ensure increase of interest and investment.

**Objective 2** Increase of Tourist Attractiveness of Rustavi

According to its history, architecture and geographical location Rustavi City has capacity for becoming attractive place for businessmen working in tourism sector. That’s why it is necessary to study the city tourism capacity thoroughly and self-government has to be active for development mentioned direction.

**Objective 3** Development of Recruitment Market

Educational, business and self-government structures not only in Rustavi but throughout the whole country work independently from one another and in fact there is no intensive communication. Accordingly, current specialties at professional training institutions don’t respond to local challenges. Such cooperation is actively developed in modern World. It is necessary that such cooperation in Rustavi be developed which makes activities of professional training institutions more fruitful, enables employer to search and find relevant employee on job market. For the population it is important to know exactly what demand exists on labor market and accordingly select its future specialty and profession. For proper lead of this process it is essential that local self-government should have coordinating role in it, coordinate the interested parties, conduct job forums and other same activities.

# **9. Action Plan**

Local Economic Development Action Plan (see the spreadsheet 3) is prepared in cooperation with the parties involved in the process. The plan foresees the creation of interesting and attractive environment for investors, development of local tourist capacity and city recruitment market. It is important for city government that citizens from all groups have to be included in the process of economic development at utmost. The main responsible unit for implementation of the plan is Mayor’s Office of Rustavi City Municipality and its relevant structural units. The above mentioned unit will actively cooperate with local business subjects, civil sector, media and foreign partners in the process of implementation of the plan.

***table 3 action plan***

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Building******blocks*** | ***Key Objectives*** | ***Actions / Projects ideas*** | ***Duration (start/finish)*** | ***Partners involved*** | ***Estimated costs,******National currency (equivalent in EUR)*** | ***Output (Product) indicators and targets***  | ***Outcome (Result) Indicators and targets*** |
| ***Land and Infrastructure******External Positioning and Marketing*** | Attracting local and international investors through creation of interesting and convenient business environment for them | 1.1. Describing land fund existing in the city, its study, classification and on the basis of land fund in Rustavi creation of investment packages and proposals by Rustavi City self-government | 03/2019 - 02/2020 | Rustavi City Municipality Mayor’s Office Architectural and Construction-Supervision Service, Property Management and Economic Development Service, invited experts | 70,000 GEL (23,400 EUR) | **Output:** Land fund existing in the city is fully described, at least 5 investment packages are drafted**Indicators:** Description summary document, number of drafted investment packages | **Outcome:** number of interested investors and investments is increased**Indicators:** number of new and/or increased enterprises  |
|  | 1.2. operating investors information center and care system for investors  | 07/2019 - 12/2019 | Rustavi City Municipality Mayor’s Office, Property Management and Economic Development Service | 30,000 GEL (10,000 EUR) | **Output:** the group is created at Mayor’s Office Economic Development Unit which will give interested parties information about city investment capacity, also support them in communication and finding regulations and employees**Indicators:** the group is created, trained and operational | **Outcome:** the businessmen can easily get information necessary for them**Indicators:** number of applications from business subjects and provided consultations |
|  | 1.3. Conducting 2 business forums for investors | 2019-2020 | Rustavi City Mayor’s Office, International Partners | 50,000 GEL (17,000 EUR) | **Output:** In 2019-20 two forums of investors will be planned and conducted**Indicators:** number of events and possible investors attending them | **Outcome:** number of investments is increased in the city by 20%**Indicators:** number of implemented investments |
| ***External Positioning and Marketing*** | Increasing Rustavi Tourist Attractiveness | 2.1. Conducting research for study tourism capacity of Rustavi City | 2019 - 05/2019-10 | Rustavi City Mayor’s Office, invited experts | 25,000 GEL (8,500 EUR) | **Output:** Rustavi tourism capacity is studied and relevant recommendations are drafted by invited specialists**Indicators:** drafted research document | **Outcome:** Rustavi City become as new location on the country’s tourist map**Indicators:** number of investments oriented on tourism development in the city. number of tourist flows in the city |
|  | 2.2. Creation of Rustavi City Branding and communication strategy | 2019-10/2020-02 | Rustavi City Mayor’s Office, invited experts | 75,000 GEL (25,000 EUR) | **Output:** brand is created - Rustavi City which itself includes: brand platform, communication strategy and recommendations, visual concept of brand**Indicators:** brand strategy document | **Outcome:** by entering into force of strategy communication with tourism sector businessmen is improved and the tourism capacity development of the city is started**Indicators:** number of investment ins in perspective tourism directions in the city |
|  | 2.3. Networking for cooperation with post-socialist and post-industrial cities for sharing tourism development experience and drafting relevant development document | 2020 | Rustavi City Municipality Mayor’s Office, international partner organizations, twinning cities, M4EG program partners | 30,000 GEL (10,000 EUR) | **Output:** networking for cooperation is created and its participants share increase methods for tourism capacity of post-socialist and post-industrial cities**Indicators:** development document drafted as a result of partnership | **Outcome:** post-socialist and post-industrial tourism directions are being developed in the city and Rustavi is becoming attractive for relevant tourists**Indicators:** number of tourism investments, new tourism locations in city and tourists |
| ***Skills and Human Resources, Inclusiveness*** | Development of Recruitment Market  | 3.1. Creating communication network among local self-government, professional recruiting college and business sector | 2019-05/2019-10 | Rustavi City Municipality Mayor’s Office / Professional Training College Modusi/ local business subjects | 20,000 GEL (6700 EUR) | **Output:** network is created, its function and activities defined, will for cooperation expressed by all parties**Indicators:** memorandum of cooperation, action plan of network | **Outcome:** training professions number at professional training college is increased. Interested individuals are trained in most demanded professions in city. The number of employed people is increased by 30%**Indicators:** number of employed graduates, number of college professions |
|  |  | 3.2. Conducting 2 forums of professional recruitment | 2019-2020 | Rustavi City Municipality Mayor’s Office/ Professional Training College / Business Sector / potential investors | 20,000 GEL (6 700 EUR) | **Output:** 2 forums are conducted which participants got information about situation in terms of recruitment market in city, its perspectives and challenges.**Indicators:** number of conducted events | **Outcome:** development of recruitment market and decrease unemployment**Indicators:** decrease number of unemployed persons in city |

# **10. Financing Scheme**

# ***Table 4 financing Scheme***

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***Actions*** | ***Estimated costs*** | ***Source of financing*** | ***Funding gaps*** | ***Remarks*** |
| ***Local budget*** | ***Upper level budgets*** | ***Business*** | ***Donors*** |
| 1.1. Describing land fund existing in the city, its classification by Rustavi City self-government and on the basis of current land fund drafting investment packages and proposals | 70 000 GEL (23 400 EUR) | 40 000 (13 400 EUR) |  |  | 30 000 GEL (10 000 EUR) |  |  |
| 1.2. Operating investors information center and care system for investors | 30 000 GEL (10 000 EUR) | 30 000 GEL (10  000 EUR) |  |  |  |  |  |
| 1.3. Conducting 2 business forums of investors | 50 000 GEL (17 000 EUR) | 50 000 GEL (17 000 EUR) |  |  |  |  |  |
| 2.1. Conducting research for study Rustavi tourism capacity | 25 000 GEL (16 700 EUR) | 50 000 GEL (16 700 EUR) |  |  |  |  |  |
| 2.2. Preparing Rustavi City brand and communication strategy | 75 000 GEL (25 000 EUR) | 25 000 GEL (8 350 EUR ) |  |  |  | 50 000 GEL (17 000 GEL) |  |
| 2.3. Creating Networking for cooperation with post-socialist and post-industrial cities for sharing tourism development experience and drafting relevant development plan | 30 000 GEL (10 000 EUR) |  |  |  |  |  |  |
| 3.1. Communication networking among self-government, professional recruiting college and business sector | 20 000 GEL (6 700 EUR) |  |  |  |  | 20 000 (6700 EUR) |  |
| 3.2. Conducting 2 forums of professional recruitment | 20 000 GEL (6 700 EUR)  | 40 000 GEL (16 500 EUR)  |  |  |  |  |  |
| **Total**  | 320 000 GEL (149 300 EUR) | 22 0 000 GEL (97 300 EUR) |  |  | 30 000 GEL (10 000 EUR) | 70 000 GEL (23 700 EUR) |  |

# **11. Monitoring Indicators and Mechanisms**

# ***Table 5 Monitoring Indicators and Mechanisms***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Action*** | ***Duration (Start / Completion)*** | ***Expected Results******Month 1-6*** | ***Expected Results******Month 7-12*** | ***Expected Results******Month 13-18*** | ***Expected Results******Month 19-24*** |
| 1.1. Describing land fund existing in the city, its classification by Rustavi City self-government and on the basis of current land fund drafting investment packages and proposals | 03/2019 – 1 02/2020 | Land fund existing on city territory is described and work for drafting investment packages is started | Investment packages are drafted and ready for presentation to investors |  |  |
| 1.2. Operating investors information center and care system for investors | 09/2019 - 02/2020 | The group at Mayor’s Office Economic Development Service is formed, which will give interested parties information about investment capacity of city, also support them in communication and finding regulations and employees |  |  |  |
| 1.3. Conducting 2 business forums for investors | 2019-2020 |  | 1st business forum will be conducted |  | 2nd business forum will be conducted |
| 2.1. Conducting research for study Rustavi tourism capacity | 2019 -05/2019-10 | Hiring experts and start of research works | Rustavi tourism capacity is studied by invited specialists and relevant recommendations prepared |  |  |
| 2.2. Preparing Rustavi City brand and communication strategy | 2019-10/2020-02 | Brand is created - Rustavi City which itself includes: brand platform, communication strategy and recommendations, brand visual conception |  |  |  |
| 2.3  Creating Networking for cooperation with post-socialist and post-industrial cities for sharing tourism development experience and drafting relevant development plan | 2020 |  | searching possible partners and creating communication model, signing memorandum of cooperation, process of sharing experience | on the basis of experience sharing work on tourism development document | drafting, approving and entering into force the tourism development document |
| 3.1. Communication networking among self-government, professional recruiting college and business sector | 2019-05/2019-10 | drafting communication networking concept, signing memorandum of cooperation, conducting network meetings | operating network |  |  |
| 3.2. Conducting 2 forums for professional recruitment | 2019-2020 |  | 1st recruitment forum conducted |  | 2nd recruitment forum conducted |
| **Spent % of Total Budget (Tentative)** |  | 25% | 40% | 15% | 20% |