

LOCAL ECONOMIC DEVELOPMENT

Volume II

STUDY ON POTENTIAL OF THE LOGISTICS SECTOR TO TRIGGER INCLUSIVE ECONOMIC DEVELOPMENT IN THE SAMEGRELO-ZEMO SVANETI REGION IN GEORGIA

Tbilisi
May 2023

Backstopping Mandate for Strengthening LED National Core Group in Georgia

Local Economic Development Series
Volume II

Study on potential of the logistics sector to trigger inclusive economic development in the Samegrelo-Zemo Svaneti region in Georgia

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Online publishing by:
The National Association of local Authorities of Georgia, Tbilisi, 2023

Citation: Abashishvili, Giorgi. 2023. *Study on potential of the logistics sector to trigger inclusive economic development in the Samegrelo-Zemo Svaneti region in Georgia*. Tbilisi: NALAG

This study has been produced with the financial assistance from the Swiss Agency for Cooperation and Development (SDC). Its contents are the sole responsibility of the authors and do not necessarily reflect the views of the SDC.

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The political, economic, social and overall environmental context

As of January 1, **the population** of Georgia amounts to 3,688.6 thousand, of which 8.2% (301.2 thousand) comes from Samegrelo-Zemo Svaneti region. Of the mentioned, the population of the urban settlement is 40%, and the population of the rural settlement - 60%. From 2002 to 2022, the population of the region tends to be characterized by a steady decline. In addition, taking into account the recent years, a negative balance of natural increase can be observed, both in case of urban and rural settlements.

Samegrelo-Zemo Svaneti region unites 8 municipalities, 8 cities, 2 townships, 114 communities, 26 administrative villages, 521 villages.

Table #1. Population in 2023 (thousands)

<i>Region, municipality, city, township</i>	<i>Total</i>	<i>Urban settlement</i>	<i>Rural settlement</i>
<i>Georgia</i>	<i>3 736,4</i>	<i>2 255,7</i>	<i>1 480,6</i>
<i>Tbilisi Municipality</i>	<i>1 241,7</i>	<i>1 210,7</i>	<i>31,0</i>
<i>Samegrelo-Zemo Svaneti</i>	<i>299,3</i>	<i>120,6</i>	<i>178,7</i>
Zugdidi*			
Poti Municipality	41,5	41,5	
Abasha Municipality	18,6	4,4	14,2
Zugdidi Municipality	97,1	41,3	55,8
Martvili Municipality	30,7	4,1	26,5
Mestia Municipality	9,3	1,8	7,5
Senaki Municipality	32,2	17,1	15,1
Chkhorotsku Municipality	21,0	2,6	18,3
Tsalenjikha Municipality	22,2	4,4	17,8
Khobi Municipality	26,8	3,4	23,4

Source: Geostat

As for self-governing units, the municipality of Zugdidi has the highest share - 32% (97.1 thousand), and the lowest rate in the region - 3% (9.4 thousand) – is observed in the municipality of Mestia. The share (%) of the population living in urban settlements in the Samegrelo-Zemo Svaneti region shows an increasing trend over the last 5 years, and according to the data of 2022, it equals to 39.9%. The level of unemployment in Samegrelo-Zemo Svaneti is 15.7%, while the number of employed people accounts 105.8 thousand, of which the number of employees in the business sector is 28.4 thousand people; It should be noted that the average monthly salary of employees in the business sector is 977.5 GEL; The number of registered economic entities equals 64,841 units. It is also noteworthy that 45% of employed people are self-employed. It should be noted that the main part of the territory of the region is characterized by a subtropical climate, and the northern part is characterized by a subalpine and alpine climate. It is necessary to say here that the region includes the Kolkheti lowland, which is characterized by excessively humid subtropical air and is strongly influenced by the Black Sea.

According to the document of Development Strategy of Georgia (Vision 2030), which serves to achieve sustainable and inclusive economic development, one of the strategic goals is to increase the competitiveness of the transport and logistics sector of Georgia and ensure sustainable, effective transport connections, the ultimate result of which is expected to be the increase of the added value earned in the field of transport and warehousing. In order to achieve the above-mentioned, the transport and logistics infrastructure and network will continue to develop, sea and land transport will be improved, in accordance with international standards, and transport connections will be facilitated. Rapid development of the country's transport infrastructure is crucial for increasing the competitiveness of the transport and logistics sector of Georgia, which includes an advancing system of national highway, new rail routes, international airports and expanded seaports/terminals, among them, the implementation of the Poti port infrastructure expansion and Anaklia deep-sea port projects.

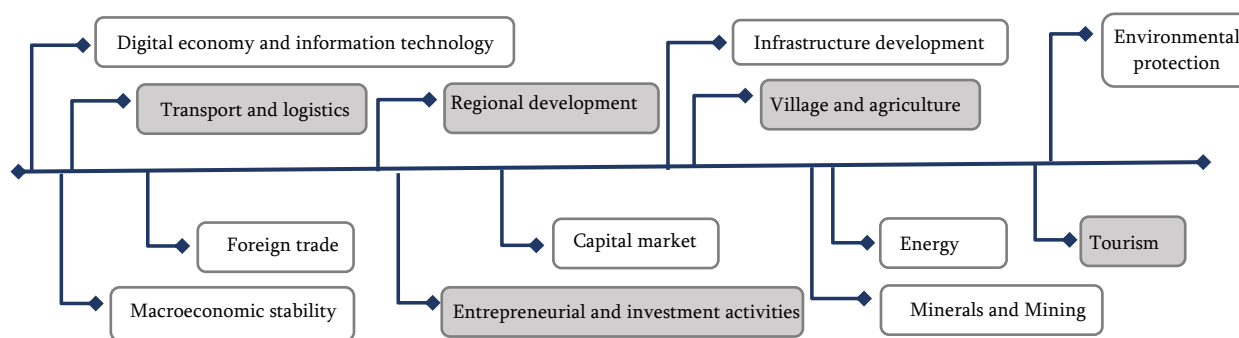
Moreover, the development of logistics infrastructure is designated as a priority direction, which includes the creation of logistics centers in eastern and western Georgia. The goal of the Government of Georgia is, on the one hand, to act as a partner in the framework of public-private sector cooperation at the initial stage of the development of logistics centers, as well as to continue supporting in the long term in order to attract foreign investments, international 3PL operators and global players.

The railway modernization project will be continued, the main goal of which is to increase safety, reduce travel time and infrastructural costs. After the completion of the project, the annual carrying capacity of the railway will increase from 27 million to 48 million tons, and, if necessary, with the installation of an automatic blocking system - up to 100 million tons. By upgrading technical equipment and improving service quality in Georgian ports, it will be possible to ensure the stability and reliability of regular transport services. In order to increase the competitiveness of the maritime sector, maritime services will be digitized, on the basis of which the administrative burden for ships will be reduced. This will increase the efficiency of sea transport.

Effective implementation and enforcement of the directives and regulations stipulated by the EU-Georgia Association Agreement in the field of rail transport will continue for the purpose of developing digital systems on the international corridor, which will integrate the electronic exchange of documents and the functionality of container tracking systems. In addition, according to the document, priority will be given to the sustainable development of highland settlements; In the direction of agriculture, it is especially important to ensure the development of the value chain in the agro-food sector.¹

¹ See <https://www.gov.ge/wp-content/uploads/2022/11/khedva-2030-saqarthvelos-ganvitharebis-strategia-1.pdf>

Visualization #1: Economic Development - Vision 2030



Source: Ministry of Economy and Sustainable Development of Georgia

In addition to the discussed, within the framework of the central apparatus of the Ministry of Economy and Sustainable Development of Georgia, a structural unit, **the Department of Transport and Logistics Development Policy** is operating, the functions of which are:²the development of the field of transport and logistics and ensuring maximum economic efficiency in accordance with the priorities of the country, ensuring the implementation of effective policies, thus initiating short, medium and long-term development strategies of transport, coordinating and monitoring the implementation; Promotion of the development of the legislative framework of transport policy; Planning and implementation of relevant measures/projects for the development of logistics and the increase of the country's transit potential; In addition to the above, the department includes the following structural units: a) Transport Corridor and Logistics Development Division; b) Maritime Transport Division; c) Civil Aviation Division; d) Land Transport Division;

In Georgia, the development of small and medium-sized enterprises is considered as the main means of achieving the goals of "inclusive growth" and "employment". This is the basis for the **development strategy** having been created **for small and medium-sized enterprises** in Georgia - **for the years of 2021-2025**. This relies on the principles of the free market, the main priority of which is to support the development of the private sector, especially small and medium-sized enterprises, and to create a favorable environment for it.³

As a result of the **reforms implemented in the tax field** in recent years, the tax administration system has significantly changed and become more effective. In particular, the fulfillment of the tax obligation was simplified by the use of the electronic system and the development of remote services convenient for the taxpayer. Under the new model of levying income tax, undistributed profit is exempt from income tax. Also, in accordance with the Association Agreement, the VAT legislation has been fully aligned with the EU legislation. A fully automatic VAT refund system has been introduced. As a result of the reforms carried out, the time required for tax reporting and the total tax burden were also significantly reduced, the

² See <https://www.economy.ge/?page=departments&dep=8>

³ See https://www.economy.ge/uploads/files/2017/ek_politika/sme_strategy/sme_development_strategy_2021_2025_.pdf

share of which constitutes 9.9% of the total profit, making Georgia one of the leaders in the world.

The Law of Georgia **“On Management and Regulation of the Transport Sector”** defines the main organizational principles and legal basis of the management of the mentioned sector, as well as state policy and technical regulation bodies. The field of road transport is regulated by the main law **“On Road Transport”**, according to which the main tasks of the field, management and the general rules for issuing permits are defined.

Also, the **Law of Georgia “On Traffic”** and the **Law of Georgia “On Roads”** are used to regulate the field.

In the field of railway transport, **the Railway Code of Georgia** is in force, which defines the basic principles of the organization of the transportation process, the general rules of cargo transportation and registration.

The following legislative and normative acts apply in the field of maritime transport: **“Maritime Code”**, Law of Georgia **“On Maritime Space”**, Law of Georgia **“On Maritime Rescue Service”**, Law of Georgia **“On Education and Certification of Seafarers”** and Law of Georgia **“On Education and Certification of Fishermen-Seafarers”**. **“Maritime Code”** regulates relations related to maritime navigation. Maritime navigation refers to the use of ships for the transportation of passengers, cargo, baggage, mail, fishing and marine craft, mineral exploration and production, towing and rescue operations, and more. Technical regulation in the field of economic, scientific and cultural transport is carried out on the basis of subordinate normative acts. In accordance with the **“Code of Product Safety and Free Circulation”** and the Law of Georgia **“On Management and Regulation of the Transport Sector”**, technical regulations are adopted only by law or by a resolution of the Government of Georgia. The list of technical regulations is approved by the Government of Georgia. Aviation, land and maritime transport agencies, within the scope of their authority, develop technical regulations related to safety and security.⁴

Regarding the rules for temporary warehousing of goods and the use of the customs procedure for storing goods in the customs warehouse, a relevant legislative framework has been developed, within which relevant customs procedures, conditions for temporary warehousing, the use of the customs procedure for storing goods in the customs warehouse, and the removal of goods and vehicles placed in the warehouse are defined.⁵

⁴ See <https://www.economy.ge/?page=ecoleg&s=17>

⁵ See <https://matsne.gov.ge/ka/document/view/68116?publication=0>

Free Industrial Zone

A free industrial zone (FIZ) is a type of free zone provided for by the Customs Code of Georgia, where additional conditions and tax benefits apply. It is a part of the territory of Georgia with defined borders and a special status granted by law. It can be created in any area, provided that it exceeds 10 hectares, except for the protected areas defined by the legislation of Georgia.

There are 4 free industrial zones operating on the territory of Georgia: Poti Free Industrial Zone; Kutaisi Free Industrial Zone; Hualing Kutaisi Free Industrial Zone; Tbilisi Technology Park Free Industrial Zone.⁶

Table #2. Benefits available in FIZ

Benefits in free industrial zone	
Income tax	Exempted from income tax
VAT	Not subject to value added tax
Property tax	Exempted from property tax
Import tax	The following are exempted from import duty: <ul style="list-style-type: none">- Bringing foreign goods into FIZ- Bringing goods produced in FIZ from the free industrial zone to another territory of Georgia

Source: Revenue Service

⁶ See <https://www.rs.ge/LegalEntityCustomsControlArea?cat=2&tab=1>

In recent years, positions of Georgia in certain international ratings have been improving, although there are directions that still require systematic work.

Georgia's position in **Logistics Performance Index (LPI)** of the World Bank's 2023 has improved by 40 levels. In the 2023 index, Georgia moved from 119th place to 79th place. According to the 2023 data of the LPI, Georgia has 2.7 points.

The improvement of the Logistics Performance Index shows the strengthening of the transit-logistics role of Georgia in the field of international trade and cargo transportation. The Logistics Index was developed by the World Bank to help countries identify challenges and opportunities in international trade logistics. The index is compiled based on a survey of logistics market participants of trading partner countries. Evaluation is done with 6 different criteria. Among them, the effectiveness of customs-border crossing procedures; Efficiency of infrastructure related to logistics and transport; Ease of organization of international shipments with competitive prices; Quality and competence of logistics services; Ability to track and trace shipment and rate of on-time delivery of cargo as scheduled.

The index published in 2023 by The Heritage Foundation mainly reflects the situation in 2021-2022, according to which Georgia is in the 35th place in the worldwide ranking (among 176 countries) with 68.7 points. Georgia's score decreased by 3.1 points in the last one year. Georgia moved from the group of largely free countries to the group of moderately free countries. In the last 2 years, Georgia's score dropped by 8.5.

Georgia's scores lowered in 8 out of 12 evaluation criteria, remained unchanged in 2, and improved in 2. Scores for tax burden and freedom to invest remained unchanged, while scores for labor freedom (by 0.2) and financial freedom (by 10) increased. A significant increase of the financial freedom score was caused by the increase in access to financing in the banking sector.

The World Bank's "Doing Business" rating, where in 2020, Georgia ranks 7th among 190 countries in the world, where starting a business and registering property is possible with only one procedure on the same day.

Potential role of logistics industry in the region's economic structure

On the basis of the economic analysis of the region, sectors with significant development potential are clearly identified, although inclusive development remains the main challenge of the region. In 2021, the gross domestic product (GDP) indicator reached 60,003.3 million GEL. It should be noted that the largest share in the regional structure is observed in: Tbilisi (50.2 percent), Autonomous Republic of Adjara (9.3 percent), Imereti (9.1 percent), Kvemo Kartli (8.4 percent) and Samegrelo-Zemo Svaneti (5.7 percent).

Table #3. GDP created in Samegrelo-Zemo Svaneti (with current prices, million GEL)

Gross domestic product created in Samegrelo-Zemo Svaneti (In current prices, million GEL)						Trend of GDP Growth
	2017GDP	2018GDP	2019GDP	2020GDP	2021GDP	
Agriculture, forestry and fish farming;	249,5	299,1	366,5	442,2	468,7	
Mining industry	21,8	19,8	28,1	42,6	53,2	
Manufacturing industry	182,2	170,8	205,8	234,6	244,7	
Supply of electricity, gas, steam and air conditioning	40,4	42,5	47,6	50,6	69,6	
Water supply; sewage, waste management and decontamination activities	16,8	12,7	16,5	13,5	19,2	
Construction	47,0	73,8	108,0	140,8	110,5	
Wholesale and retail trade; Repair of automobiles and motorcycles	134,7	136,4	117,5	137,2	149,5	
Transport and storage	573,2	353,1	546,7	550,5	602,8	
Accommodation and food supply activities	23,2	37,7	26,1	18,8	22,7	
Information and communication	22,0	31,5	41,6	21,5	29,4	
Financial and insurance activities	51,1	108,8	147,4	218,6	200,0	
Activities related to real estate;	177,0	180,0	196,8	196,8	200,0	
Professional, scientific and technical activities	34,0	29,1	37,7	37,5	52,5	
Administrative and support services activities	25,8	9,0	28,2	23,3	19,5	
State governance and defense; mandatory social security	184,5	241,2	242,8	261,5	330,0	
Education	143,1	137,4	144,3	188,3	226,9	
Healthcare and social service activities	110,2	106,7	82,6	88,9	113,5	
Art, entertainment and recreation	63,4	52,2	57,4	49,8	68,3	
Other types of services	17,5	20,9	19,3	19,0	23,2	
Activities of households as employers; Production of undifferentiated goods and services by households for their own use	5,4	5,0	5,1	5,8	2,6	

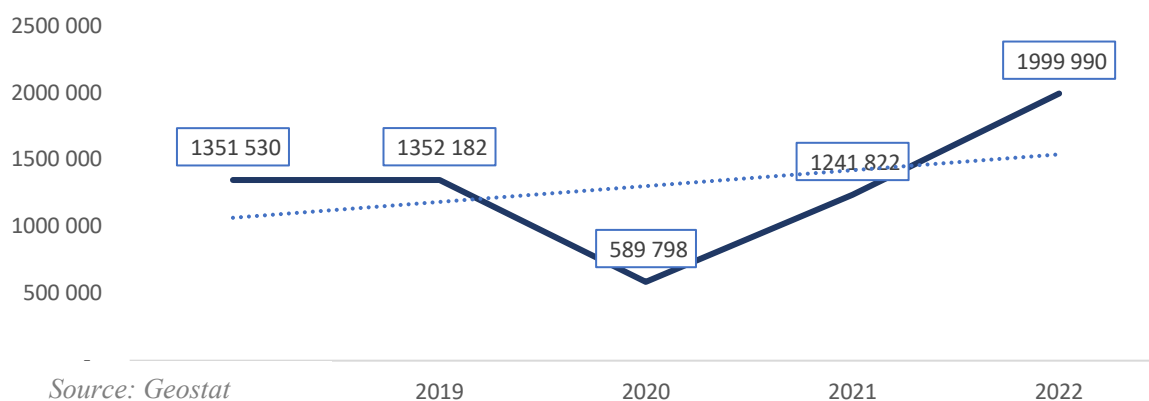
Source: Geostat

The gross domestic product created in Samegrelo-Zemo Svaneti in 2021 is 3442.2 million GEL, of which transport and warehousing has the largest share in the sectoral structure, 18% (202.8 million GEL). It should be noted that during the last 5 years, the maximum share in the mentioned economic activity is maintained. Furthermore, according to the data of 2021, 14% (468.7 million GEL) comes from agriculture, forestry and fishing sector, state administration

and defense; 10% on mandatory social security, 7% on manufacturing industry (244.7 million GEL), 7% on education (226.9 million GEL).⁷

According to preliminary data, **the volume of direct foreign investments** made in Georgia in 2022 amounted to 2 billion US dollars, which is 61.1 percent higher than the adjusted data of 2021. The growth is due to the increase of two components of direct foreign investments - share capital and reinvestment rate.

Visualization #2: Direct foreign investments made in Georgia (thousands of US dollars)



As for the distribution of direct foreign investments by components, the volume of share capital amounted to 686.3 million US dollars, which is 3.3 times higher than the adjusted rate of the previous year. The volume of reinvestment has increased 1.7 times and amounts to 1 289 million dollars. The share of the three largest sectors (in terms of foreign direct investment) in 2022 amounted to 56.5 percent. The largest amount of direct foreign investment was made in the sector of financial and insurance activities and amounted to 526.4 million USD, which is 26.3 percent of the total foreign direct investments. The second place is the real estate sector with 406.9 million. with US dollars (20.3 percent), and the third - water supply and waste management sector with 197.0 million US dollars (9.9 percent). The largest part of direct investments made in 2022 comes to Tbilisi, where during the reporting period (according to preliminary data) foreign direct investment of 1,713,825.4 thousand dollars was made. Adjara takes the second place, where 116,542.8 thousand dollars were invested in 2022. Imereti comes next, where direct foreign investment of 68,367.9 thousand dollars was made during the reporting period. According to regions, the Samegrelo-Zemo Svaneti region is next in the rating, where, based on preliminary data, foreign direct investment of 41,202.9 thousand dollars was made in 2022. In 2022, an investment of 37,876.0 thousand dollars is observed in Shida Kartli, and 18,477.5 thousand dollars - in Samtskhe Javakheti.

In the Samegrelo-Zemo Svaneti region, there is no significant increase. According to the preliminary data of 2022, direct foreign investments amount to 41,202.9 thousand US dollars,

⁷ See <http://regions.geostat.ge/regions/samegrelo.php?lang=ka>

which does not show a notable difference from the data of previous years, unless we consider 2021, when -4455,1 thousand US dollars were recorded.

Table #4. Direct foreign investments of Samegrelo-Zemo Svaneti (thousands of US dollars)

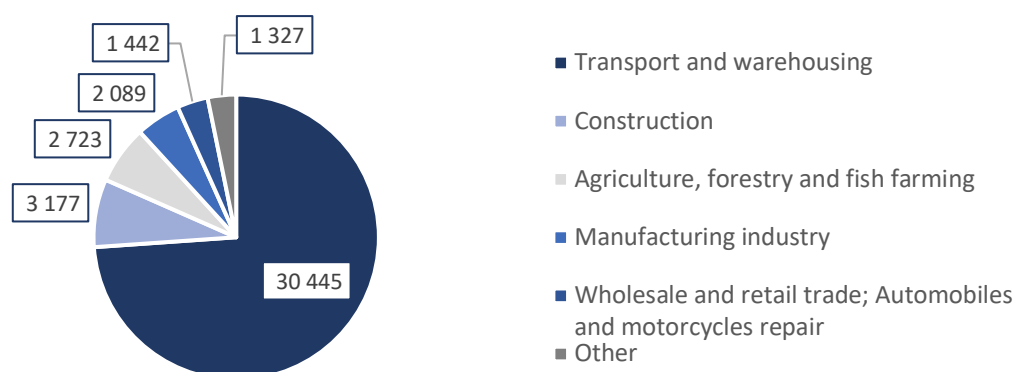
Direct foreign investments made in Samegrelo-Zemo Svaneti (thousands of US dollars)				
2018	2019	2020	2021	2022*
-8 897,4	45 862,7	31 549,3	-4 455,1	41 202,9

Source: Geostat

Also, it is noteworthy that in the Samegrelo-Zemo Svaneti region, 74% of direct foreign investments in 2022 come from investments in companies in the "transportation and warehousing" sector. It should be pointed out that the current trend in the mentioned sector has been maintained over the years. In addition, based on the data of 2022, it is worth noting that construction is presented with an 8 percent share, "agriculture, forestry and fishing sector" - with a 7% share and "manufacturing industry" - with a 5% share.

Visualization #3. Investments made

Direct foreign investments made in Samegrelo-Zemo Svaneti (2022)



Source: Geostat

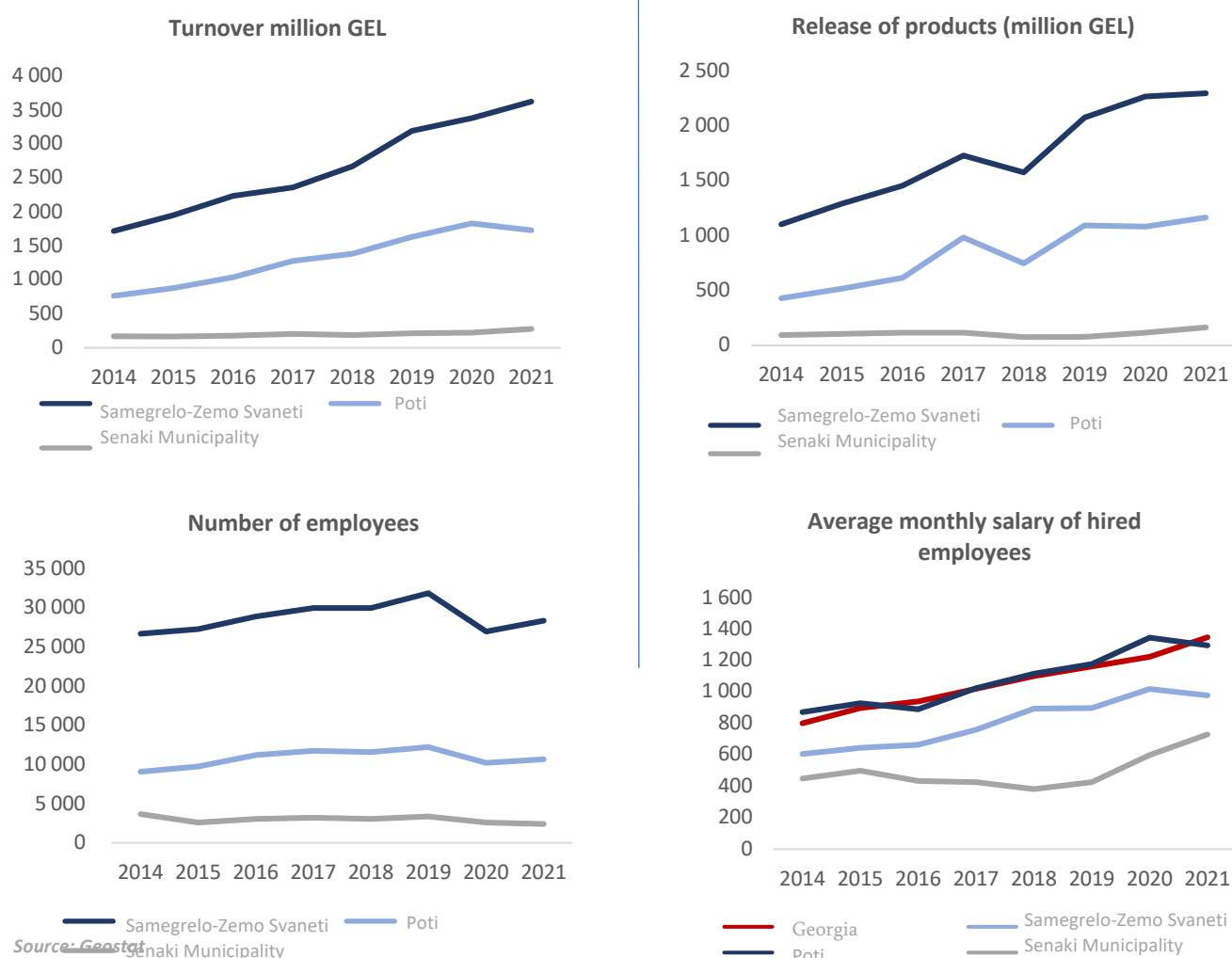
According to the National Statistics Office of Georgia, by the end of 2021, **the length of public highways** in Georgia was 40,044.1 km, of which 5,460.3 km are of domestic, 1,593.4 km are of international, and 32,990.4 km are of local value. It should be pointed out that 17.3%, a total of 6,932.5 km, of the highways of general use runs through the Samegrelo-Zemo-Svaneti region. It is also worth noting that the region takes the second place in terms of the largest motor roads of general use in Georgia. The first place is held by Imereti, which lets 7,193.0 km of public motor road pass through it.

Business sector - according to the data of Geostat, the turnover in Samegrelo-Zemo Svaneti region according to cities and municipalities was increasing year by year. While in 2014 the turnover in the region amounted to 1,719.8 million GEL, in 2021 this indicator already reached 3,627.3 million GEL, therefore, from 2014 to 2021, the turnover rate increased by 111%.

Visualization #4. Business sector

Source: Geostat

According to the current statistics, the turnover in the Samegrelo-Zemo Svaneti region is recorded with the highest indicators in the city of Poti and in 2021 it already reaches 1,728.6



million GEL, which constitutes 48% of the turnover of the entire region. (Annex 1). 23% of the region's turnover comes from Zugdidi municipality. For greater certainty, the following data show how the mentioned indicator has been increasing within 8 years, i.e. the turnover in the period of 2014-2021 according to cities and municipalities: Poti - 764.9 million GEL - 1 728.6 million GEL; Abashi Municipality - 23.3 million GEL - 35.2 million GEL; Zugdidi Municipality - 533.8 million GEL - 820.6 million GEL; Martvili Municipality - 34.5 million GEL - 48.7 million GEL; Mestia municipality - 7.3 million GEL - 40.1 million GEL; Senaki Municipality - 168.0 million GEL - 277.6 million

GEL; Chkhorotsku Municipality - 10.1 million GEL - 44.3 million GEL; Tsalenjikha Municipality - 25.2 million GEL - 68.2 million GEL; Khobi Municipality - 152.7 million GEL - 182.1 million GEL.

According to Geostat, during the last years, the products produced in Samegrelo-Zemo Svaneti have been consistently increasing in terms of value. In 2014, Samegrelo-Zemo Svaneti produced products worth 1,105.6 million GEL, in 2015 - 1,292.3 million GEL, in 2016 - 1,456.4 million GEL, in 2017 - 1,732.2 million GEL, in 2018 - 1,578, 0 million GEL, in 2019 - 2,079.7 million GEL, in 2020 - 2,273.3 million GEL, and in 2021 - 2,301.3 million GEL. Similar to business turnover, the city of Poti comes first again in Samegrelo-Zemo Svaneti, the municipality of Zugdidi is in the second place, and the municipality of Khobi takes the third place. The following data show how the volume (in GEL) of products released within the eight years increased from 2014 to 2021: Poti 431.0 million GEL - 1 167.8 million GEL; Abashi Municipality 9.1 million GEL - 21.7 million GEL; Zugdidi Municipality 384.4 million GEL - 571.4 million GEL; Martvili Municipality 17.9 million GEL - 34.5 million GEL; Mestia Municipality 9.7 million GEL - 53.2 million GEL; Senaki Municipality 96.6 million GEL - 165.1 million GEL; Chkhorotsku Municipality 4.3 million GEL - 19.9 million GEL; Tsalenjikha Municipality 18.1 million GEL - 59.0 million GEL; Khobi Municipality 134.5 million GEL - 208.9 million GEL. In 2021, the added value in the Samegrelo-Zemo Svaneti region was 965.2 million GEL, and in 2020 it grew up to 986.6 million GEL. If we compare the indicators of 2021 with the indicators of 2014, there is a 99% increase. As for the number of employees in the region, it tended to grow from 2014 to 2019, but it started to decline from 2020, which is probably related to the Covid pandemic. 31,889 people were employed in the region in 2019, but in 2020, this index reduced by 15% to 26,995. In terms of municipal units, the largest number of employees in the region is observed in Poti, which accounts for 38% of the employees in the region in 2021.

Table #5. According to the types of economic activity of operating entities registered in Samegrelo-Zemo Svaneti

According to the types of economic activity of operating entities registered in Samegrelo-Zemo Svaneti	Total	Large	Medium	Small	Size unknown
In total	17044	26	138	14770	2110
Agriculture, forestry and fishing sector	311	0	5	294	12
Transport and warehousing	2105	6	23	2009	67
Activities of provision of accommodation and provision of food	487	0	0	470	17
Travel agencies, tour operators and other booking services and related activities	33	0	1	26	6
Other	14108	20	109	11971	2008

According to the declared data of 2021, 130 accommodation facilities were registered in the Samegrelo-Zemo Svaneti region, which shows a 106% increase compared to the data of 2020.

Conforming to the information requested from Geostat, it is clear that in 2020, the number of hotels and hotel-type establishments in the region (legal entities and individual entrepreneurs (including local units and branches) registered in accordance with the legislation of Georgia) amounted to 63 units. On the other hand, it records a 34% decrease compared to the figures of 2019. However, if we take into account that in 2020 a "lockdown" was actually announced throughout the country and the tourism sector came to a standstill, we can assume that the decrease in the number of hotels in 2020 compared to 2019 is related to the Covid pandemic. Especially because the opening of hotels in the regions and their operation is mainly achieved with bank credits, and during this period credit services have deteriorated considerably. From 2021, the "opening of business" started in the country, which initially affected domestic tourism. As indicated by the statistics of 2018-2021, in accordance with the declared data, the following number of accommodation facilities were operating in Samegrelo-Zemo Svaneti: in 2018 - 84, in 2019 - 95, in 2020 - 63 and in 2021 - 130. As for the accommodation facilities per municipalities, it appears that in 2021, 41% of the region's accommodation facilities were on account of Mestia Municipality, and 25% were placed in Zugdidi Municipality. According to the data of 2021, there were 3 hotels and hotel-type establishments in Abashi Municipality, 32 - in Zugdidi Municipality, 15 - in Martvili Municipality, 53 - in Mestia Municipality, 5 - in Senaki Municipality, 9 - in Poti, 4 - in Chkhorotsku Municipality, 7 - in Tsalenjikha Municipality, 2 - in Khobi Municipality

*Table #6: Number of hotels and hotel-type establishments**

Number of hotels and hotel-type establishments				
(Declared data)				
	2018	2019	2020	2021
Abasha Municipality	2	3	2	3
Zugdidi Municipality	21	24	19	32
Martvili Municipality	8	11	9	15
Mestia Municipality	36	41	21	53
Senaki Municipality	3	3	2	5
Poti	9	8	5	9
Chkhorotsku Municipality	1	1	1	4
Tsalenjikha Municipality	2	2	2	7
Khobi Municipality	2	2	2	2

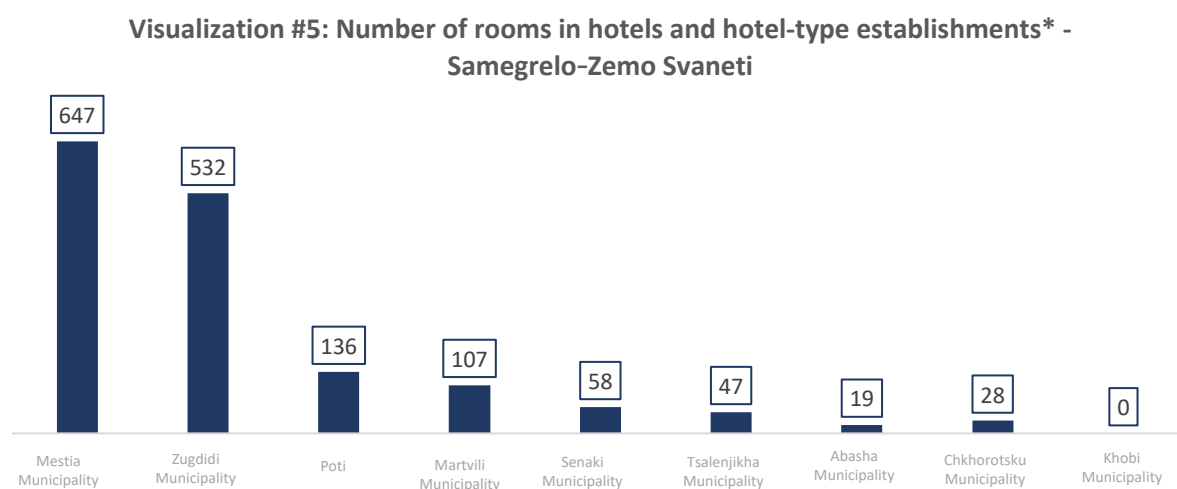
Source: Geostat

A complete analysis of the available hotel rooms in the region cannot be done for some reasons. As we learn from the requested information from Geostat, "data on the number of hotel rooms in certain municipalities is confidential". Therefore, the analysis based on incomplete indicators is not the right direction, so we will review only the year of 2021, on which the information is not fully provided either. According to Geostat, based on the declared data in 2021, the number of rooms in hotels and hotel-type establishments amounted to 1,574 units

(the data of Khobi Municipality is not included here), of which the most hotel rooms, as well as the number of accommodation facilities, are accumulated in Mestia - a total of 647 rooms. Zugdidi Municipality is in second place with 532 hotel rooms, followed by: Poti - 136, Martvili - 107, Senaki Municipality - 58, Tsalenjikha Municipality - 47, Chkhorotsku Municipality - 28, Abasha Municipality - 19, Khobi Municipality - "data is confidential." In the part of agriculture, it should be noted that the largest number of nuts come from different types of fruits in Samegrelo-Zemo Svaneti region.

Visualization #5: Number of rooms in hotels and hotel-type establishments - Samegrelo Zemo Svaneti*

Source: Geostat



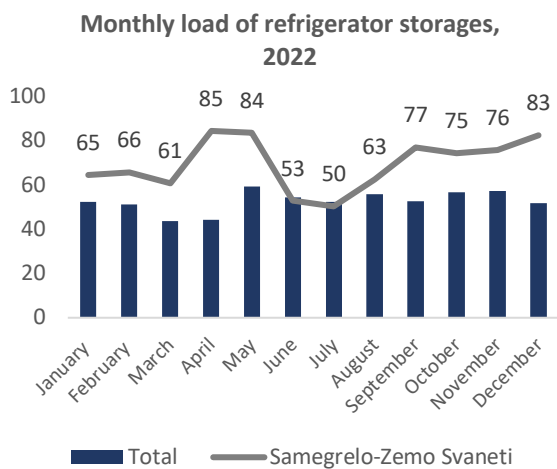
In the IV quarter of 2022, 252 units of **refrigeration plant**⁸ were operating in Georgia, the majority of which (69.8 percent) are located in Shida Kartli region. Operating refrigeration plants are also located in Tbilisi (9.9 percent), Kakheti region (5.6 percent), Kvemo Kartli region (4.0 percent), Autonomous Republic of Adjara (3.6 percent), Imereti region (3.2 percent), Samegrelo-Zemo Svaneti region (2.8 percent), Mtskheta-Mtianeti region (0.8 percent) and Samtskhe-Javakheti region (0.4 percent). (Annex 2).

In the IV quarter of 2022, services were provided to 330 customers. The number of producers and resellers, from whom products were purchased for further sale, amounted to 741 units, and the average monthly number of employees in refrigeration plants was determined by 1,482 people. During the IV quarter of 2022, 99.9 thousand tons of products were stored (placed) in refrigerators, including 52.3 percent - chicken meat (including frozen), 22.0 percent - meat and meat products (including semi-processed goods, except chicken meat), 13.8 percent - fruits and vegetables, 8.7 percent - fish, and the rest of the products had an insignificant share.⁹

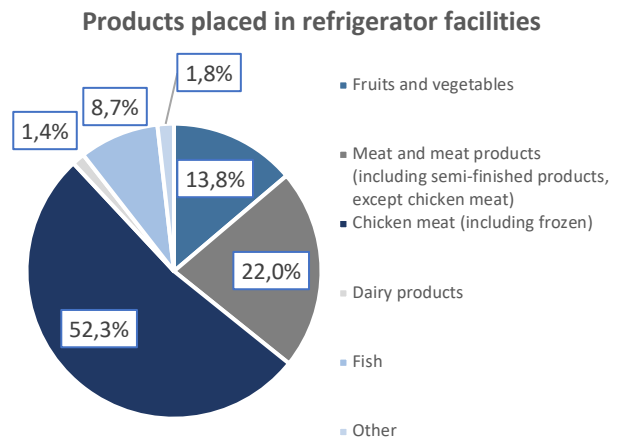
⁸ See <https://www.geostat.ge/en/modules/categories/195/business-statistics>

⁹ <http://regions.geostat.ge/regions/samegrelo.php?lang=ka>

Visualization #6: Monthly load of refrigeration plants, 2022

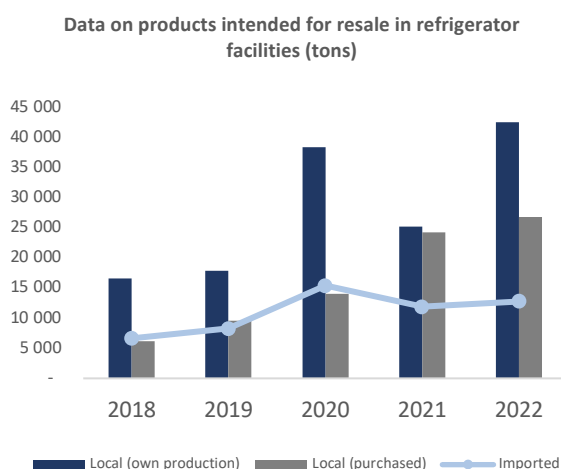


Source: Geostat

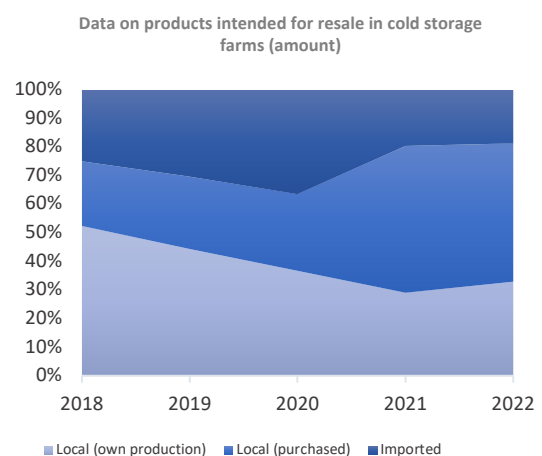


In the IV quarter of 2022, 16.4 percent of the total volume of products stored in refrigeration plants was self-produced, 13.7 percent was purchased for further sale, and 69.9 percent was the volume of products stored as a service. In the same period, the income received in the form of services amounted to 6.9 million GEL. In the IV quarter of 2022, refrigeration plants sold products worth 117.5 million GEL (20.1 thousand tons), of which, in terms of value, imported products accounted for 22.2 percent, self-produced products - 32.4 percent, and purchased (local) products - 45.4 percent. In addition, during the reporting period, 62.6 percent of the total volume of self-produced products sold by refrigeration plants was chicken meat. In the same period, chicken meat (including frozen) (41.7 percent), meat and meat products (including semi-processed goods) (31.0 percent) and fish (12.8 percent) accounted for a significant share of the total value of imported products sold by refrigeration plants. (Annex 2).

Visualization #7: Refrigerators



Source: Geostat



During the reporting period, the value of products sold by refrigeration plants in foreign countries was 7.3 million GEL, which is 6.2 percent of the total value of the products sold in the same period. Chicken meat, fish, fruits and vegetables are mostly sold. According to the survey results, the average daily compartment load (as a percentage of the total compartment capacity) was 56.8 percent in October, 57.4 percent in November, and 52.1 percent in December.

In addition to the issues discussed above, it is important to analyze the amount of cargo processed in seaports and marine terminals: In 2022, the total amount of cargo processed in seaports of Georgia, in particular, in Poti and Batumi seaports, amounted to 12.4 million tons, which is 12.8% more than in 2021 (11.0 million tons). Among them, the total number of containers processed in Poti and Batumi seaports in 2022 amounted to 477,094 TEU, which is 18.9% more than in 2021 (401,386 TEU). Including: Poti Seaport: In 2022, the amount of cargo handled at Poti Seaport amounted to 7.7 million tons, which is 9.0% more than in 2021 (7.1 million tons). Among them, in 2022, the number of containers processed in Poti seaport amounted to 357,623 TEU, which is 18.3% more than in 2021 (302,213 TEU). Batumi Seaport: In 2022, the amount of cargo processed in Batumi Seaport amounted to 4.7 million tons, which is 19.7% more than in 2021 (3.9 million tons). Among them, in 2022, the number of containers processed in the Batumi sea port amounted to 119,471 TEU, which is 20.5% more than in 2021 (99,173 TEU). In terms of container handling and cargo turnover, April 2023 was a record month for APM Terminal Poti. In April, 53,626 TEU containers were handled, which is 91.3% higher than in April 2022. It should be noted that the practice of handling this amount of cargo in Poti seaport has never been done in a month. In total, the volume of containers handled by APM Terminal Poti in the first four months of 2023 was 177,900 TEU, which is 73% higher than the same period last year and the highest ever for the first four months of the year. In addition, in the last four years, the highest number of 25,239 vehicles were processed in the first four months, which is a 59.7% increase compared to the same period last year. Along with this, the reception of container ships has also increased significantly. Since the beginning of the year, APM Terminal Poti received 74.6% more than last year - 103 container ships. An increase is also observed in the number of containers imported by railway. In the period January-April 2023, the number of incoming and processed containers was the highest among the numbers recorded in the last three years - 3,848 TEU.

In the region of Samegrelo Zemo Svaneti, there is information on the harvest and production of one-year crops on vegetables and corn, while there is no data on other crops due to their small size. Between 2006 and 2021, corn yields peaked in 2009 and then began to decline. According to available statistical data, in 2006, corn crops were 34.2 thousand hectares, and production was 77.2 thousand tons, which means that the average corn yield per hectare was 2.3 tons. In 2009, corn was sown on 43,000 hectares and production amounted to 93,300 tons. Although the number of crops in 2009 compared to 2006 increased by 26%, the yield per hectare was higher in 2006 than in 2009. In fact, in 2009, 2.2 tons of corn were produced per hectare. According to the statistics of recent years, the year 2020 is the leader in the amount of corn harvested per hectare, when 3 tons of corn production per hectare was recorded. As for the production of vegetables, the year 2006 was the leader in terms of planted area, when

vegetables were sown on 3 thousand hectares, from which 14.6 thousand tons were finally harvested, or an average of 4.9 tons per hectare. After 2006, both the volume of crops and the production of vegetables in the region gradually decreased. For example, in 2021, compared to 2006, vegetable crops decreased by 77% in total, and production by 55%. In 2021, vegetables were planted on 0.7 thousand hectares in the region, and the production amounted to 6.5 tons. The year 2012 was the leader in the amount of vegetables harvested per 1 hectare of land, when 10.0 tons of vegetables were harvested from 1 ha.

Among the different types of fruits, the largest amount of nuts comes in the Samegrelo-Zemo Svaneti region. According to the data of the regional administration of Samegrelo Zemo Svaneti, the harvest of walnut fruits in 2006-2021 varies according to the years, which in turn may be related to the age of these fruits. For example, nut fruits have the smallest harvest in 2017 (7.5 thousand tons), and the largest harvest in 2021 (23.4 thousand tons). According to the type of fruit, the leading and leading industry is nuts and fruit growing. In 2021, 23.1 thousand tons of hazelnuts will be produced in Samegrelo Zemo Svaneti, while the production was 24% less this year. As for the number of livestock, poultry and bee families in the Samegrelo-Zemo Svaneti region, it is clear that the leader for the region is the direction of poultry farming. However, the number of cattle (including buffalo) is also significant. According to the data of 2021, 186.4 thousand cattle were registered in the region, which is 2% less than the data of 2020. And as for birds, as of 2021, 1,004.7 thousand winged birds were registered in the region, which is 10% more than the data of 2020. In the Samegrelo-Zemo Svaneti region, the leading direction of production of livestock products is milk production. In 2021, 86.6 thousand liters of milk production was recorded in the region, which is almost 5% less than the milk produced in 2020.¹⁰

¹⁰ See <http://regions.geostat.ge/regions/samegrelo.php?lang=ka>

Programs for the dynamic and inclusive development of the logistics sector in the region

In the direction of agriculture, the implemented and ongoing projects in Samegrelo-Zemo Svaneti region are: Preferential Agrocredit Project; Co-financing program for harvesting agricultural machinery; State Program for Support of Beekeeping Agricultural Cooperatives; State program co-financing agricultural machinery for agricultural cooperatives; Program of co-financing of energy-efficient stoves; Program for supporting hazelnut production; Bioproduction promotion program; Plant The Future; Tea plantation rehabilitation program; State Co-financing Program of Refrigerated Storage Facilities for Berry Crops of Agricultural Cooperatives; State Technical Assistance Program; Integrated Development Program for the Pilot Regions; Co-financing of Processing and Storage Enterprises; Industrial apple sale promotion program; Agricultural mechanization co-financing program; State Program for Rational Use of State-Owned Pastures in Mountainous Regions; Pilot Program for Women; State program for Support of Agricultural Land Owners; State Programme of Dairy Modernization and Market Access (DiMMA); In parallel with state programs, municipalities implement separate programs in the direction of agriculture. Zugdidi Municipality: Three programs were implemented in 2023: 1. Laboratory research services of soil composition; 2. Geoinformation system provision service for soil management of Zugdidi Municipality; 3. Purchase of noble laurel saplings within the framework of promoting the establishment of a laurel garden. Martvil municipality: 1. In 2018, the program of artificial insemination in pig and cattle breeding was started and is ongoing. Senaki Municipality: 1. "Beginner beekeeper"; 2. "agro"; 3. "Agrofestival-Senak 2021". Chkhorotsku Municipality: 1. In 2018, the program of artificial insemination in pig and cattle breeding was started and is ongoing. Khobi Municipality: 1. In 2018, the program of artificial insemination in pig and cattle breeding was started and is ongoing. In the logistics the following terminals were opened in Poti: Pace Group, "Esperanza", "Lion Trans" Lion Trans, "Alliance Terminal" (Annex 4).

For the representatives of the tourism and agriculture sectors, both enterprises and entrepreneurs in Samegrelo-Zemo Svaneti name the problem of access to finance and infrastructure mismanagement. The first is mostly related to inefficient information delivery and non-mass distribution, and the second part is in respect of the failure of the infrastructure connecting the links of the supply chain. To be more clear, there are still challenges in terms of both sea, land and air transportation and the capacities of storage facilities, which in most cases creates difficulty in satisfying the existing demand - there is not a relevant terminal in Kutaisi airport for air transport, neither a cargo terminal, and farmers/companies have to deliver their products to Tbilisi, which is associated with additional costs and time, ultimately, all this lead to inefficiency of the process. In addition to the above-mentioned, cargo from Tbilisi Airport is mainly sent by airliners, where the volume of cargo to be transported is limited. This challenge is particularly alarming for perishable agro-food products, which are actively produced in Western Georgia (e.g. blueberries, raspberries, etc.); It should be noted that in terms of land transport, the problem is the outdated car park. There are mainly Euro 3 cars in Georgia, while Euro 5 or Euro 6 cars are allowed to enter Europe. Local transport companies often do not have cargo and temperature tracing/tracking systems. Provision of mixed cargo transportation service is limited. (The Russia-Ukraine war diverted other transport corridors to Georgia, which led to an increase in the duration and price of transportation). Rail transport is not available in Anaklia, which creates challenges with transportation. Due to the mentioned problem, for the continuity of the business process, they often have to hire trucks from Turkey, which is associated with additional costs. In addition, with regard to sea transport, it should be noted that the sea ferry operates in the Poti-Bulgaria direction. It should be taken into account that ferry services are not regular and quite often there are several weeks of delay when scheduling the next voyage. At the same time, unstable electricity in the Svaneti region, which hinders the implementation of economic activities, remains an important challenge of the region. This is immediately reflected on the quality of service, which has a negative impact on the tourism sector. Kolkheti National Park surrounds Poti, which restricts economic activities considerably. Besides, the highway does not get to Poti, despite the fact that it is an important transit point. Absence/lack of regular cargo flights for export, as well as the lack of refrigeration/storage points with different temperature modes at the cargo terminals of the airports are a significant challenge.

Also, it can be seen that the absence of appropriate storage facilities, lack of laboratories and limited services of existing laboratories, less information about export markets and export procedures, absence of appropriate standards remains a challenge at the farm level.

It should be pointed out that there are actually no logistics centers in Samegrelo-Zemo Svaneti today, not only in the distribution part. In this regard, the interest of the parties related to the issue is insufficient, which needs to be improved.

In addition to the above-mentioned challenges, infrastructure is the main barrier for companies in the middle corridor, part of which passes through Samegrelo-Zemo Svaneti region.

It turns out that the corridor is not adapted to the export cargoes that can be handled by this or that country, for example, Kazakhstan, whose main products are wheat, coal, chemical cargoes, such as urea fertilizers and oil. Historically, coal and wheat in the Middle Corridor did not use to pass through Georgia, and all the infrastructure is adapted to the old channels.

According to the business representatives, who are interested in carrying cargo through the Middle Corridor, the infrastructure of Georgia - neither Batumi and Poti Ports nor railway wagon park is ready to carry these cargoes systematically in the Middle Corridor.

In addition, the knowledge and skills of employees in the logistics sector in the Samegrelo-Zemo Svaneti region remain a challenge for businesses, which mostly leaves a corresponding mark on the quality of service. Here as well, companies still see that the complexity and mistrust in digitization and automation of processes is particularly high with regard to small and medium-sized businesses. Once the East-West Expressway is completed, once the railway modernization project is completed and capacity is increased and time is reduced, the mountain pass section will be less difficult to operate. Obviously, this will significantly improve positions in this direction.

In order to improve the logistics potential of the region, there are opportunities that require complex work with the involvement of the government sector - public agencies, stakeholders, business associations and other interested parties. In addition to the mentioned issues, a full-fledged analysis has not been carried out in terms of the region, with the understanding of all the logistic/related indicators, which would create the possibility of drawing full/detailed and basic conclusions about the future potential of Samegrelo-Zemo Svaneti. However, there are certain data that provide the basis for producing additional statistics that would form the basis of the research. Furthermore, it is important to develop a complete data counting methodology with relevant specialized statistical programs; Moreover, it should be noted that there is also a great potential for the development of aquaculture in the Samegrelo-Zemo Svaneti region. The Ministry of Environmental Protection and Agriculture announced the development of aquaculture in the country as one of the priorities.

Members involved or indirectly connected to the sector are granted a number of opportunities from both state structures and business unions associations, international financial institutions or the non-governmental sector, which is confirmed by both current and implemented projects. In addition, a value addition potential for enterprises and entrepreneurs of logistics industry in Samegrelo-Zemo Svaneti region is effective general service quality improvement, workforce qualification development, infrastructure improvement, standardization, capacity increase, effective investment policy development.

Future LED related support to strengthen the logistical sector in the Samegrelo-Zemo Svaneti region

On the basis of the review and analysis of existing statistical data, conducted interviews and consultations with parties involved in the logistics industry, a number of actions were identified to improve the inclusivity of the sector.

Accordingly, based on the analyzed information, at the current stage, all the operations that will increase the efficiency and competitiveness of the sector should be considered as national support requirements to improve profitability and inclusiveness of the logistic sector in the region, which includes more collaboration between public agencies of the state and port sector, Poti Port operators, crewing companies operating in Georgia (recognized/non-recognized), maritime educational institutions, maritime lines, maritime and ship agents, maritime logistics companies.

Some of the areas that require immediate attention for planning future LED related support are: Inefficiency of customs and border management clearance particularly on trucking to the border of Turkey, Azerbaijan, and Russia. Inefficient quality of trade and transport infrastructure (Low speed of trains, inefficient rail depot in Tbilisi; lack of sufficient capacity of rail platforms dedicated for containerized shipments); uncompetitive competence and quality of logistics services/low level of qualification among employees in the sector; limited ability to track and trace consignments / low level of digitalization through Middle Corridor member countries with absence of blockchain digital platform solution; uncompetitive, nonflexible pricing on rail services on Georgian territory as well as whole Middle Corridor rail geography, where rates on each km of TRACECA corridor different to each other, therefore Georgian Railway compete with Azerbaijani as well as Kazakhstan railways for the same flows while all rail parties need to be partnering withing the corridor.

Lack of high standard complex logistic centers with Flow/Fulfillment warehousing facilities. It is important to create/develop such a model of logistics centers that ensures inclusiveness and profitability of the sector. Next - selling points should be found in local and international markets. A logistics center should not be thought of as just a storage warehouse and the entire planning of the next sales process should be done effectively, using risk management components to the fullest.

The variety of tariff policies usually creates certain difficulties in the process, therefore there is a need for convergence of the infrastructure, standardization (universal tariffs), increase in capacity and simplification of the service process. First of all, it will simplify the shipping calculation for the cargo owners and it will not be a vague formation. Moreover, after solving this issue, the market will be free from monopolies and will become more open. The Trans-Caspian Corridor covers the borders of several countries, the form of transport and geography are changing.

For the development of agriculture in the Samegrelo-Zemo Svaneti region, both the state and the private sector need to take the following steps:

Private sector - (farmers/companies): increased production of export-oriented crops, including nuts, kiwifruit, laurel, feijoa, blueberries, persimmons, greenhouse vegetables; arrangement of refrigerator facilities and dry warehouses; Increasing knowledge in production, as well as export markets and export procedures.

Carriers/Exporters - Offering mixed cargo transportation service; tracing/tracking system including remote monitoring of temperature mode; Setting up appropriate warehouses and collection/distribution points in exporting countries and locally.

Development and implementation of state educational programs and improvement of extension services; Facilitating the creation of warehouse/greenhouse infrastructure; Addition of a regular sea transport ferry and addition of a cargo terminal in Kutaisi; Refined and needs-adjusted functioning of phytosanitary services of the National Food Agency; Creation of a discussion platform where the private (manufacturers, banks, exporters, carriers, insurance companies) and the government sector will participate, in order to more clearly present the problems in the above-mentioned directions and to draw up plans and ways of implementation together.

In the distribution part and not only, it is important to create a logistics center and logistics centers in the region, from which stores will be supplied, and it will not be seasonal, which will ultimately make things cheaper. In this regard, active involvement of the state will have a huge role in the development of investment projects and attracting the investors. In particular, a clustering model should be made, that is, determining where the centers of attraction of consumption or production are, and then clustering should be done, where the so-called logistics center should be located. The “logistics center” sounds like a big announcement, because the logistics center generally refers to wider implications, covering the region, but we mean local, small-scale logistics centers to make transportation and logistics cheaper and more efficient, because logistics is not only about transportation, it involves storage, packaging, and other related services. After analyzing all this, when the geographical area will be determined, it will be possible to determine where and how to organize, what infrastructural projects to implement to make transportation and logistics efficient.

I

n this direction, Samegrelo has a great perspective. There is an operating port in Samegrelo, and the future port of Anaklia is also announced to be arranged in Samegrelo and will be built in the territory of Samegrelo. However, before that, the Port of Poti probably has the opportunity to expand. It is an existing port with 100 hectares of land next to it, which is said to be expanded. Everything should be used up, because it is a gateway for trade with Europe, and from a regional point of view, it is sustainable for our region.

In addition to the above, very close, direct ties should be established between foreign and local business entities. Not only the private and public sector, but even the diplomatic corps should be involved in business forums and presentations. In order to utilize the potential of tourism, it

is important to activate the campaigns of associations and measures taken in the region in order to use the local potential as much as possible. Even if we take the plain of Kolkheti, where there is a rare nature, geographical features, none of them is in focus in the direction of tourism.

There is a significant difference between the economic activities at the level of municipalities, which is naturally explained by a number of factors, however, in the part of sustainable development, it requires appropriate solutions and the development of investment projects. It would be better to develop the above mentioned in close coordination between the government and the private sector.

It is important to optimize the processes in order to improve the service, which might mean more/full digitization of the processes, provision of relevant knowledge to the region. The final goal of this should be to increase the efficiency of the supply chain. Which, in line with the right strategy, should be implemented gradually and within a certain period of time through the complete digitization of the chain.

Consolidation of businesses may be justified in certain directions, if they start such activities together and optimize resources. It may be difficult separately, according to the fields, but if several sectors are united together and form a single logistics center, it can be optimized in terms of costs, lead to better use of intellectual resources, and more chances and perspectives might be given to all of this.

Indicators should be developed that will be transparent and published periodically, will measure the effectiveness of the logistics sector in the region, also relevant stakeholders should be involved in the process. In the mentioned part, it is important to analyze the activities of the companies according to some basic characteristics, including: sustainability of environmental impact, employment, role in regional sustainable development and profitability growth.

Due to the fact that certain logistics directions in the region suffer from a shortage of professional personnel, it is necessary to develop maritime educational programs, create relevant training courses or programs and train academic staff in this direction in order to bring competence to the field, while sharing more knowledge and experience.

Support mechanisms/programs need to be developed to support sustainable development of logistics industry in the region. In this direction, it is important to develop the strategy of Green Logistics as a Sustainable Development Concept of Logistics Systems in a Circular Economy. It is important for the strategy to be based on the successful cases of the world and the economic, social and political concept of the development of the region. The purpose of the above-mentioned is to achieve rational use of resources (production, financial, energy, information); minimal use of raw materials and packaging that are not recyclable; economically sound and environmentally friendly transportation and storage of material resources; maximum use of production waste, containers and packaging as secondary raw materials or their environmentally friendly disposal; optimization of costs for organizing logistics activities; minimization of risks in the operation of transport and logistics systems; increasing the level

of environmental education. The programs should be sectoral, should have a campaign framework, should be educational in nature, with the involvement of both foreign and local qualified personnel.

The following issues can be analyzed as factors for improving the sustainability and profitability of the logistics sector - Increasing fill rates; More collaboration; Customer satisfaction; Supply chain efficiency and digitization of processes - increase in efficiency.

LED entry points to strengthen the logistics industry as a supportive sector of other dominant industries in Samegrelo-Zemo Svaneti region are agriculture, forestry and fish farming (vegetation and animal husbandry, hunting and providing services in the mentioned fields, forestry and timber production, fishing and aquaculture); Transport and warehousing (land transport and pipeline transport, water transport, air transport, warehousing and supporting transport activities, postal and courier activities). Accommodation and food service activities (accommodation, food and beverage services, travel agencies, tour operators and other reservation services and related activities).

It follows from the fact that, according to the available data, the research activity in the field of maritime transport in Georgia is at the initial stage of formation, it is important to identify significant issues in Samegrelo-Zemo Svaneti around which fundamental studies will be conducted to ensure the future sustainability of the sector and to better understand the potential of LED. It includes: feasibility study, research necessary for infrastructural development, research on access to finance and needs, workforce qualifications and needs.

Annex 1 - NUMBER OF REGISTERED AND ACTIVE ENTITIES (1 April 2023)

#	Number	%	Active entities									
			Total		Among them							
					Large		Medium		Small		Size unknown	
			Number	%	Number	%	Number	%	Number	%	Number	%
GEORGIA TOTAL	933116	100,00	243824	100,00	655	100,00	3031	100,00	202805	100,00	37333	100,00
Samegrelo-Zemo Svaneti	68427	7,33	17044	6,99	26	3,97	138	4,55	14770	7,28	2110	5,65

Source: Geostat

VALUE ADDED BY CITY AND MUNICIPALITIES									Mln.GEL
	Year								
	2014	2015	2016	2017	2018	2019	2020	2021	
Georgia	50 064,7	56 984,8	64 081,8	71 740,1	86 625,1	109 024,3	114 348,5		150 414,9
Samegrelo-Zemo Svaneti	1 719,8	1 957,7	2 237,2	2 365,1	2 676,2	3 200,3	3 383,3		3 627,3
Poti	764,9	881,0	1 040,9	1 276,3	1 385,0	1 629,5	1 832,3		1 728,6
Abasha Municipality	23,3	21,9	60,1	39,4	36,0	34,0	46,4		35,2
Zugdidi Municipality	533,8	604,2	656,4	550,3	702,2	723,2	786,8		820,6
Martvili Municipality	34,5	36,0	29,3	38,5	41,0	50,7	47,2		48,7
Mestia Municipality	7,3	12,0	13,7	11,8	72,3	44,3	59,0		40,1
Senaki Municipality	168,0	165,5	175,7	207,1	182,5	214,1	219,9		277,6
Chkhorotsku Municipality	10,1	38,2	29,3	27,8	36,8	39,9	39,8		44,3
Tsalenjikha Municipality	25,2	39,0	41,0	33,8	48,1	55,3	61,0		68,2
Khobi Municipality	152,7	160,0	190,8	180,0	172,3	188,0	290,8		182,1
Samtskhe-Javakheti	635,8	709,7	828,9	1 054,1	1 110,9	1 420,0	1 247,8		1 449,7

Source: Geostat

PRODUCTION VALUE BY CITY AND MUNICIPALITIES									Mln.GEL
	Year								
	2014	2015	2016	2017	2018	2019	2020	2021	
Georgia	26 068,6	29 993,9	34 156,9	38 206,8	41 649,2	47 494,7	46 227,3		57 613,8
Samegrelo-Zemo Svaneti	1 105,6	1 292,3	1 456,4	1 732,2	1 578,0	2 079,7	2 273,3		2 301,3
Poti	431,0	517,2	615,9	985,6	749,8	1 097,2	1 084,0		1 167,8
Abasha Municipality	9,1	10,5	17,9	20,3	10,2	20,0	20,8		21,7
Zugdidi Municipality	384,4	428,5	471,7	365,1	438,9	523,4	675,4		571,4
Martvili Municipality	17,9	12,0	17,9	23,0	25,4	31,0	24,5		34,5

Mestia Municipality	9,7	15,7	15,6	18,3	81,1	62,8	66,3	53,2
Senaki Municipality	96,6	105,2	118,0	116,5	77,0	79,6	119,6	165,1
Chkhorotsku Municipality	4,3	8,9	11,7	7,3	5,0	10,2	11,5	19,9
Tsalenjikha Municipality	18,1	22,2	32,4	30,7	33,2	39,2	44,3	59,0
Khobi Municipality	134,5	172,1	155,4	165,5	157,6	216,2	226,9	208,9

Source: Geostat

VALUE ADDED BY CITY AND MUNICIPALITIES								Mln. GEL
	Year							
	2014	2015	2016	2017	2018	2019	2020	2021
Georgia	12 849,4	14 761,0	16 772,4	19 036,3	20 726,9	23 296,0	22 263,0	27 843,7
Samegrelo-Zemo Svaneti	485,5	548,1	614,9	919,3	699,3	937,2	986,6	965,2
Poti	247,7	324,1	359,2	632,3	410,2	550,9	542,5	589,6
Abasha Municipality	4,9	5,8	10,9	7,9	4,4	6,7	8,4	10,0
Zugdidi Municipality	88,2	73,8	115,9	93,5	131,7	182,3	211,3	158,7
Martvili Municipality	8,7	7,1	10,6	13,4	11,6	12,5	10,2	15,4
Mestia Municipality	5,4	5,4	10,5	8,5	30,4	29,9	45,2	29,2
Senaki Municipality	33,0	29,1	30,0	37,1	27,8	32,1	39,4	55,1
Chkhorotsku Municipality	2,8	6,2	4,0	4,4	3,4	6,1	6,2	6,7
Tsalenjikha Municipality	8,8	10,6	9,3	11,8	13,8	12,6	23,3	25,5
Khobi Municipality	86,0	86,0	64,4	110,3	66,1	104,2	99,9	74,9

Source: Geostat

EMPLOYED PERSONS BY CITY AND MUNICIPALITIES								persons
	Year							
	2014	2015	2016	2017	2018	2019	2020	2021
Georgia	592 147	626 739	666 790	708 165	734 215	756 852	703 874	744 256
Samegrelo-Zemo Svaneti	26 709	27 304	28 906	30 021	30 025	31 889	26 995	28 380
Poti	9 084	9 777	11 219	11 757	11 586	12 233	10 235	10 652
Abasha Municipality	657	759	937	958	802	834	605	751
Zugdidi Municipality	8 278	8 587	8 677	7 973	8 452	9 287	8 169	9 329
Martvili Municipality	1 270	986	1 017	1 188	1 135	1 043	893	1 088
Mestia Municipality	396	462	509	520	758	692	667	517
Senaki Municipality	3 671	2 602	3 054	3 195	3 033	3 328	2 618	2 409
Chkhorotsku Municipality	399	780	722	790	780	797	739	1 009
Tsalenjikha Municipality	765	1 028	1 065	1 083	901	990	946	935
Khobi Municipality	2 189	2 322	2 516	2 557	2 578	2 684	2 123	1 691

Source: Geostat

NUMBER OF EMPLOYEES BY CITY AND MUNICIPALITIES								
	persons							
	Year							
	2014	2015	2016	2017	2018	2019	2020	2021
Georgia	565 902	584 484	620 069	652 439	679 453	702 015	656 267	688 053
Samegrelo-Zemo Svaneti	24 775	23 218	24 716	24 873	24 642	25 957	21 851	23 341
Poti	8 729	8 633	9 875	10 549	9 494	10 277	8 732	9 495
Abasha Municipality	518	533	733	769	406	411	346	470
Zugdidi Municipality	7 716	7 538	6 736	6 836	7 268	7 444	6 970	7 436
Martvili Municipality	1 049	568	770	704	940	671	453	739
Mestia Municipality	386	331	458	234	627	502	583	253
Senaki Municipality	3 412	2 243	2 419	2 769	2 360	3 127	1 948	2 219
Chkhorotsku Municipality	285	466	587	403	421	499	496	495
Tsalenjikha Municipality	693	799	830	807	802	711	628	786
Khobi Municipality	1 985	2 106	2 307	1 802	2 323	2 314	1 694	1 449

Source: Geostat

Annex 2. The main indicators of cold storage facilities

The main indicators of cold storage facilities								
	2019	2020	2021	2022 Q I	2022 Q II	2022 Q III	2022 Q IV	2023 Q I
Number of Customers, which were provided by service, Total (Unit)	516	524	471	295	311	384	330	344
The number of producers and/or resellers, from whom the product was purchased, Total (Unit)	359	673	678	550	587	735	741	787
Average monthly number of persons employed (Unit)	994	1 497	2 166	309	1 267	1 902	1 482	1 279
Refrigerator's annual cost, except remuneration of personnel (Gel)	5 234 919	7 187 874	10 374 423	X	X	X	X	X
Number of cameras in the refrigerator (Unit)	401	610	846	X	X	X	X	X
Capacity of cameras in the refrigerator (m3)	162 478	205 975	238 144	X	X	X	X	X
X - Not applicable								

Source: Geostat

Annex 3. The number of active cold storage farms in Georgia

The number of active cold storage farms in Georgia								
Region	Quantity							
	2018	2019	2020	2021	2022 Q I	2022 Q II	2022 Q III	2022 Q IV
Shida Kartli	46	55	107	158	131	86	160	176

Tbilisi	11	10	14	16	16	24	25	25
Kakheti	9	11	27	46	6	18	37	14
Kvemo Kartli	12	12	12	12	12	8	9	10
Adjara A.R.	-	-	10	14	9	10	10	9
Imereti	7	6	7	7	5	7	9	8
Samegrelo-Zemo Svaneti	10	9	9	11	11	15	15	7
Mtskheta-Mtianeti	3	3	3	4	5	3	2	2
Samtskhe-Javakheti	1	1		1	2	2	2	1
Guria	2	2	4	4	-	3	2	-
Total	101	109	193	273	197	176	271	252

Source: Geostat

Data on products stored in cold storage facilities						
Year	Number of stored products, Total (Tons)	Of which:			Average daily cost of service (Gel/Tons)	The service fee, Total (Gel)
		Own production (Tons)	Goods purchased for the further realization (Tons)	As service (Tons)		
2014	10 075	155 833	...	11 459 100
2015	245 730	9 666	15 655	220 409	1,5	13 667 133
2016	279 878	9 750	12 857	257 271	1,5	15 570 004
2017	282 542	15 053	12 450	255 040	3,1	14 137 725
2018	244 810	17 983	13 672	213 155	3,1	15 985 033
2019	232 396	20 607	19 179	192 610	2,6	13 157 326
2020	308 084	46 519	32 253	229 313	2,2	19 711 434
2021	242 117	33 706	40 054	168 357	1,8	22 598 602
2022 Q I	63 056	19 076	9 619	34 361	...	4 794 904
2022 Q II	75 122	11 367	13 460	50 295	1,9	4 951 189
2022 Q III	93 612	12 473	12 432	68 707	1,6	6 188 130
2022 Q IV	99 878	16 383	13 685	69 810	1,7	6 949 898
2023 Q I	85 305	18 037	11 397	55 870	2,0	7 995 424

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Source: Geostat

Data on product for resale in cold storage facilities								
Year	Sales of product						Of which were sold on the foreign market	
	Imported		Domestic (purchased)		Domestic (own production)			
	Quantity (Tons)	Value (Gel)	Quantity (Tons)	Value (Gel)	Quantity (Tons)	Value (Gel)	Quantity (Tons)	Value (Gel)
	2014	7 882	20 092 782	2 523

2015	8 282	26 506 244	5 130	14 787 439	6 911	26 195 958	3 288	5 680 447
2016	9 322	29 980 514	3 756	11 273 935	8 614	33 091 465	2 334	4 199 713
2017	8 945	35 463 566	3 041	8 616 859	13 294	56 894 031	1 678	3 690 356
2018	6 648	29 757 283	6 225	27 056 099	16 559	62 632 937	2 784	9 619 854
2019	8 275	45 297 772	9 600	37 655 046	17 924	66 048 461	1 651	5 667 048
2020	15 425	79 422 647	14 099	58 130 610	38 449	80 167 200
2021	11 885	72 899 301	24 253	191 829 515	25 202	108 405 200	3 192	15 991 230
2022 Q I	2 427	16 140 311	6 317	50 006 908	12 364	32 510 597	501	3 215 780
2022 Q II	2 594	19 472 160	6 109	71 404 932	9 846	41 118 997	5 044	34 929 077
2022 Q III	3 441	26 020 762	7 179	51 973 287	11 760	42 627 464	2 646	10 680 141
2022 Q IV	4 349	26 133 824	7 243	53 316 129	8 554	38 094 728	1 605	7 255 284
2023 Q I	3 990	25 362 617	5 830	43 561 760	11 659	38 571 173	1 531	8 261 424

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Source: Geostat

Annex 3. Programs/Projects

Data of the projects/programs implemented by "Rural Development Agency" in 2022 in Samegrelo-Zemo Svaneti region		
Project/Program	Field/Target	Number of Beneficiaries
Preferential Agrocredit Project	Technique and implement	11
Preferential Agrocredit Project	Gardening	163
Preferential Agrocredit Project	Cattle breeding	70
Preferential Agrocredit Project	Poultry farming	9
Preferential Agrocredit Project	Mixed	19
Preferential Agrocredit Project	Implement	8
Preferential Agrocredit Project	Greenhouse	18
Preferential Agrocredit Project	Technic	24
Preferential Agrocredit Project	Nut processing	17
Preferential Agrocredit Project	Mixed breeding	3
Preferential Agrocredit Project	Fruit processing	2
Preferential Agrocredit Project	Fishing	6
Preferential Agrocredit Project	Mushroom production	2
Preferential Agrocredit Project	Cultivation of grain crops	202
Preferential Agrocredit Project	Snail	1
Preferential Agrocredit Project	Fertilizers/Poisons	2
Preferential Agrocredit Project	Beekeeping	4

Preferential Agrocredit Project	Agricultural works	2
Preferential Agrocredit Project	Gardening	2
Preferential Agrocredit Project	Warehouses for storing products	19
Preferential Agrocredit Project	Refrigerators for storing product	5
Preferential Agrocredit Project	Gardening	2
Preferential Agrocredit Project	Leguminous crops	2
Preferential Agrocredit Project	Nursery	1
Preferential Agrocredit Project	Mixed processing enterprises	2
Preferential Agrocredit Project	Laurel processing	5
Preferential Agrocredit Project	Beer production	1
Preferential Agrocredit Project	Pig farming	1
Preferential Agrocredit Project	Tea production	1
Preferential Agrocredit Project	Wine production	3
Preferential Agrocredit Project	Purchase of grapes	2
Preferential Agrocredit Project	Production of animal feed	1
Agro insurance program	Nut crops	302
Agro insurance program	Cereal crops	38
Agro insurance program	Berry crops	6
Agro insurance program	Citrus	2
Agro insurance program	Vegetable crops	1
Agro insurance program	Subtropical crops	1
Plant The Future	Gardens component	132
Plant The Future	A component of a well/well setup	14
Plant The Future	Component of arrangement of drip irrigation systems	3
Co-financing of Processing and Storage Enterprises	Grain storage	1
Co-financing of Processing and Storage Enterprises	Refrigerator (fruit and vegetables)	2
Tea plantation rehabilitation program	Rehabilitation of plantations	2
State co-financing program for agricultural mechanization	Tractor trailer (implement)	4
State co-financing program for agricultural mechanization	Agricultural tractor	3
Technical support program for projects	BRC	1
Technical support program for projects	FSSC 22000	1
Technical support program for projects	GLOBAL GAP	5
Technical support program for projects	HACCP	1
Technical support program for projects	Branding	5
State Programme of Dairy Modernization and Market Access (DiMMA)	Veterinary medicine and artificial insemination	1

**Projects/programs implemented and ongoing by "Rural Development Agency" in
Samegrelo-Zemo Svaneti region**

Name of the project/programme

Preferential agrocredit project
 Agro insurance program
 Plant The Future
 Co-financing of Processing and Storage Enterprises
 State program for the rehabilitation of tea plantations "Georgian tea"
 State program of co-financing of agricultural machinery
 State co-financing program for agricultural mechanization
 "Agricultural Modernization, Market Access and Flexibility (AMMAR)" co-financing program
 Support program for young entrepreneurs in rural areas - "Young entrepreneur"
 Technical support program for projects
 Programs supporting the development of agricultural cooperatives
 Rural Development Program
 State program for modernization of milk industry and access to the market
 State program for the promotion of agricultural production
 Promotion of the owners of agricultural plots of land
 Nut production promotion program

Source: Rural Development Agency

Indicators of Vocational Education in Samegrelo-Zemo Svaneti region

	2016	2017	2018	2019	2020	2021	2022
Number of educational institutions, unit	8	8	9	6	6	6	6
Number of admitted students, persons	1	1	78	8	691	235	327
Number of graduated students, persons	435	040	649	57	5	520	669
Number of teachers, persons	801	877	323	28	4	263	328
	191	160	281	4	263	328	424

Source: Ministry of Education and Science of Georgia.

