

TSAGERI

NEW INVESTMENT OPPORTUNITIES



TSAGERI MUNICIPALITY

Investment Profile



The investment profile was developed by the Association of Young Economists of Georgia (AYEG) in cooperation with Local Democracy Agency Georgia (LDA Georgia) within the scope of the project “Fostering Regional and Local Development in Georgia. Phase II”, which is implemented by the United Nations Development Programme (UNDP) with financial support from the Ministry of Regional Development and Infrastructure of Georgia, the Swiss Agency for Development and Cooperation (SDC) and the Austrian Development Cooperation (ADC).

Tsageri Municipality is responsible for the content of this publication.



A WORD FROM THE MAYOR

The main economic priorities to increase economic conditions of the population of Tsageri Municipality are the development of agriculture, tourism, and production. Significant state programs are being implemented across the country to support these sectors. We, specifically, have planned programs that will support the development of the private sector. I hereby express my full readiness to support all reasonable initiatives presented by both private and public organizations that will promote increased investments and employment in the municipality.

Tsageri Municipal Assembly has approved a Medium-term Development Document (2020-2023), which is an evidence-based strategy for the social and economic development priorities of the municipality.

The document was prepared after conducting a study of various stakeholders' needs. Based on the study results, corresponding objectives and activities were set out to support the improvement of the business climate in the municipality.

City Hall is ready to cooperate with investors and private sector representatives, and we are oriented toward creating comfortable conditions to start a business and create new job opportunities.

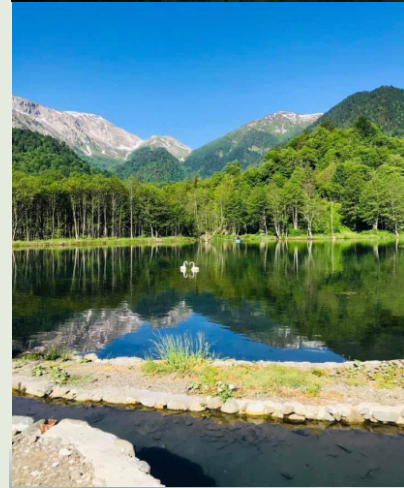
A handwritten signature in blue ink, appearing to read 'A. Ugrehelidze', with a long, sweeping underline.

Avtandil Ugrehelidze
Mayor of Tsageri Municipality

TOP 10 REASONS TO INVEST IN TSAGERI

Why Tsageri Municipality?

- 1 Untapped fertile land and natural resources
- 2 Favorable natural-climatic conditions
- 3 Abundance of recreational zones
- 4 Conducive environment for organic products
- 5 Favorable legal framework for doing business
- 6 Supportive business climate to start and develop entrepreneurial activities
- 7 Abundance of attractive tourism facilities
- 8 Relatively low labor costs
- 9 Opportunity to develop a market for high-quality grapes and wine
- 10 Centuries of agricultural traditions past down from generational experience





A RICH AND COLORFUL HISTORY



1968 - Tsageri granted city status



1987 - Stunning green theater built near Tskhenistskali River



The myth of the Argonauts and Prometheus chained to Mount Khvamli



Numerous metallurgical artefacts discovered



Discovery of the tomb of the 5th century ecclesiastical figure Maximus the Confessor



Internationally recognized wines "Tvishi", "Orbeluri Ojaleshi" and "Usakhelauri"



GENERAL CHARACTERISTICS OF THE THE MUNICIPALITY



Population - **10 094**



Female - **47.1%**

Male - **52.9%**



Households - **260**

Total Labor Force
(Population aged 15-65) - **5 397**

MAP OF MUNICIPALITY



Area - **755,4** sq.km.

GEOGRAPHY & CLIMATE

ECOLOGICAL ENVIRONMENT FOR ORGANIC PRODUCTS

- ☑ Humid Climate;
- ☑ The average annual Temperature is $+15^{\circ}$
(Average temperature in January 0° ;
July $+22^{\circ}$)
- ☑ Average annual precipitation - 1,020 mm;
- ☑ 90% of the territory is mountains; and
- ☑ Settlements are mainly located in river valleys.



LOCATION AND ACCESS TO MARKETS



Distance to the regional center (Ambrolauri) - 46 km.



Distance to David the Builder Kutaisi International Airport - 76 km;



Distance to Poti Sea Port - 148 km;



Distance to the nearest railway station (Tskaltubo) - 55 km.

DISTANCES TO THE MAIN CITIES:

Tbilisi - 300 km.



Kutaisi - 69.4 km.



Zugdidi - 159 km.





EDUCATION

Education is one of the municipality's main priorities, as it supports young people in their professional development.

- ✓ The municipality has 26 schools with up to 1,000 students attending



HEALTHCARE

All residents of the municipality have access to medical services, including:

- ✓ 19 clinics
- ✓ 4 private dental clinics
- ✓ Emergency services



ENVIRONMENT PROTECTION

Rich in rivers and forest resources:

- ✓ Forested area - 47 000 ha
- ✓ Pristine forests, which are preserved in their original form



INFRASTRUCTURE

Good road infrastructure

- ✓ The majority of population has access to drinking water
- ✓ Municipality is fully supplied with electricity
- ✓ Universal internet coverage



KEY ECONOMIC SECTORS/TRENDS

THE NUMBER OF FARMS AND SECTORAL DIVERSITY IS INCREASING:

- ✓ Viticulture is prominent (Tsolikauri; Tvishi; Usakhelauri; Ojaleshi; Khvanchkara, etc.);
- ✓ Local fruit varieties (grapes, persimmons etc.) have a special taste and long shelf life;
- ✓ An abundance of corn and beans grown across 400 hectares;
- ✓ Excellent conditions for apiary production;
- ✓ Mountain rivers create favorable conditions for the development of fisheries;
- ✓ Livestock farming is a traditional and dominant sector:
- ✓ Pastureland accounts for 76% of the total area of the municipality and the sector has high potential for growth and future investments.



LAND ASSETS AND POTENTIAL FOR USE

Untapped agricultural resources:

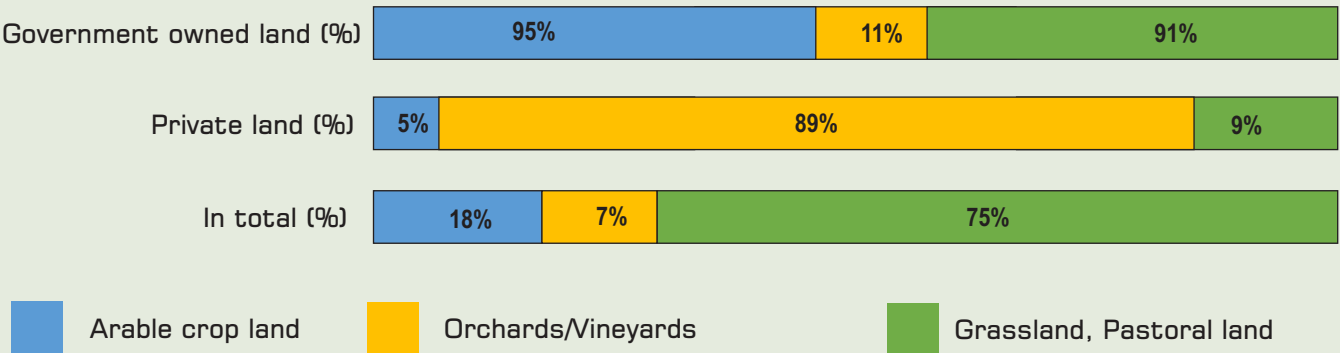
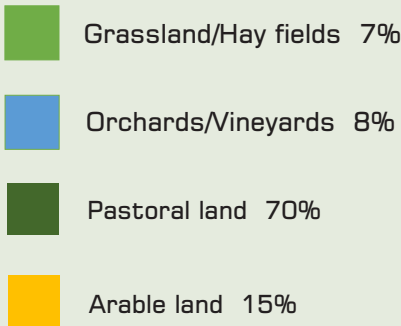
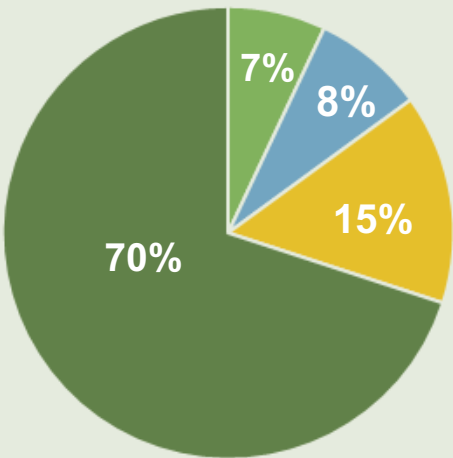
18% of the total land area (75,540 ha) is for agricultural use;

70% of agricultural land is still government-owned;

Main crops - corn, beans, grapes; and

Pastures represent a significant part of the agricultural land.

DISTRIBUTION OF AGRICULTURAL LAND BY CATEGORIES



FOSSIL FUELS AND NATURAL RESOURCES

The municipality is rich in untapped fossil fuels and natural resources

BARITE STONES

MEDICINAL MINERAL WATERS

7 different mineral waters

GARBO DIABASE

The amount of deposits is estimated to be - 1 million m³

Can be extracted in the village of Okureshi;

Soft and easy to process; and

Used both in construction and in stone design of building interiors.

DIABASE PORPHYRY

The amount of deposits is estimated to be - 2.5 million m³

Easy to process and polish; and

High-quality material for construction.





BUSINESS ENTITIES IN TSAGERI

417 economically active business entities are registered

PRIMARY AGRICULTURAL PRODUCTS

- Agricultural crops - corn, beans, grapes, fruits, potatoes, various vegetables, dairy products and meat

NON-AGRICULTURAL BUSINESS ACTIVITIES

- 28 guesthouses are operational in the municipality



MAJOR PROJECTS (ONGOING AND PLANNED)

Development of road infrastructure and utilities management:

- Access paths to Sairme Stone columns are under construction
- Road between Chkum and Kulbak is under rehabilitation
- Landscaping of the areas around the temples is underway





TOURISM POTENTIAL IN TSAGERI MUNICIPALITY

The municipality is rich in tourism facilities, natural attractions, and religious monuments including:

- ✓ Tomb of St. Maximus the Confessor;
- ✓ Sairme stone columns;
- ✓ 80-meter high Ghvirishi waterfall; and
- ✓ Muri Fortress.
- ☑ "Green Lake" - Space for picnics and amateur fishing;
- ☑ "Open Air" Museum dating back to the VI century and fortress remains;
- ☑ Khvamli Mountain and Ancient Church; and

Potential for the development of religious tourism.

BUSINESS-ENABLING ENVIRONMENT

- ✓ State and local laws promote investment activities;
- ✓ Simple and efficient procedures for obtaining licenses and permits;
- ✓ Convenient conditions for property registration and management; and
- ✓ Various business services available in one place under the 'one-window' principle.



LOW BUSINESS COSTS

- ✓ Easy-to-administer tax system and flexible dispute-resolution procedures;
- ✓ Easy to start a business;
- ✓ Favorable real estate prices; and
- ✓ Relatively low raw material and other operational costs.



LOW AND EFFICIENT TAXATION CONDUCTIVE TO BUSINESS

- ✓ Corporate Profit Tax of 0% or 15% encourages reinvestment;
- ✓ Personal Income Tax – 20%;
- ✓ VAT – 18%;
- ✓ Property Tax – 1%;
- ✓ Customs/Import Tax – 0%, 5%, or 12%;
- ✓ Personal Income Tax on Interest, Dividends, Royalties – 5%
- ✓ Pension Contribution - 6% (2% paid by Employer, 2% paid by Employee, 2% paid by Government); and
- ✓ Double taxation avoidance treaties with 55 countries.

POTENTIAL EXPENDITURES	AMOUNT
ELECTRICITY	0,20 GEL/kWh
WATER SUPPLY	3,35 GEL/T.
WASTE MANAGEMENT	0,25 GEL
FEE FOR CONSTRUCTION PERMIT	1 sq.m - 1 GEL



ADVANTAGES OF DOING BUSINESS IN HIGH MOUNTAINOUS SETTLEMENTS

- All the settlements in Tsageri municipality have been granted the status of high mountainous settlements according to the Law of Georgia on the Development of High Mountainous Regions.
- Therefore, business entities registered in Tsageri Municipality have tax privileges stipulated by the Law.

Business entities which, in accordance with the legislation of Georgia, have been granted the status of a high mountainous settlement enterprise have tax relief from Corporate Profit Tax, Personal Income Tax, and Property Tax.

TAX CATEGORY	TAX RELIEF
PERSONAL INCOME TAX	Tax free incentives under 6 000 Gel
CORPORATE PROFIT TAX	Tax exemption for 10 years
PROPERTY TAX	Tax exemption





REAL ESTATE MARKET

- ✓ Low land prices compared to the national average;
- ✓ Relatively low costs to start and operate a business;
- ✓ Price per square meter of non-agricultural land - 3-6 GEL; agricultural land - 2-3 GEL;
- ✓ Possible to buy a typical two-storey house for 10,000-20,000 GEL; and
- ✓ Opportunities to rent warehouses or office space for 3-5 GEL/m².



GOVERNMENT SERVICES FOR BUSINESSES

- ✓ Tsageri Community Center provides public services;
- ✓ Community center in the village of Lajana also offers public services;
- ✓ Public Registry – possible to buy and sell real estate, receive other business-related services and access land registry;
- ✓ Branch of National Archives;
- ✓ Tourism Information Center.



STATE SUPPORT AND SUCCESSFUL INVESTMENTS

INTEREST FROM THE PRIVATE SECTOR IS INCREASING

- ✓ Area of cultivated vineyards is growing;
- ✓ Milk and dairy processing enterprise, Cooperative "Chrela," was established in 2018;
- ✓ Tourism facility "Green Lake" opened in the village of Kulbak in 2007; and
- ✓ Gveso livestock farm and goat cheese processing plant put into operation in 2019.

GOVERNMENT SUPPORTS BUSINESS ACTIVITIES

- ✓ Encourages family hotels, wine and organic food production, sustainable use of mineral water resources, arrangement of camps, renovation of wine cellars, etc.; and
- ✓ Promotes locally-produced goods.



ADVANTAGES OF THE INVESTMENT CLIMATE IN GEORGIA

Gateway from Europe to Asia and vice versa ✓

Free trade agreements covering 2.3 billion customers ✓

Association Agreement and Deep and Comprehensive Free Trade Area (DCFTA) with the EU ✓

7th easiest country to do business in (1st among European countries) according to World Bank's Ease of Doing Business Report 2020 ✓

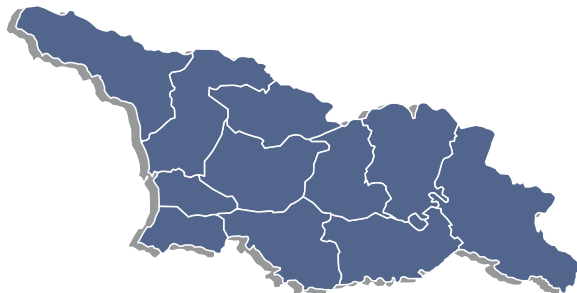
6th safest country in the world according to Numbeo's Crime Index 2019 ✓

Relatively low labor and operational costs for businesses ✓

Simple, low and efficient taxation with tax reliefs and business-supportive incentives ✓

Property tax – 1% or below ✓

Georgia has signed bilateral investment treaties (BITs) with 33 countries and has been a member of the ICSID Convention since 1992 ✓



STATE SUPPORTED OPPORTUNITIES

Government Supports Agriculture, Service and Hospitality Industries



ENTERPRISE GEORGIA

The State Agency “Enterprise Georgia”

Covers the Following Areas:

- ✓ Industrial component;
- ✓ Hotel industry;
- ✓ Micro and small business support;
- ✓ Film in Georgia;
- ✓ Credit guarantee mechanism;
- ✓ Balneological resorts industry; and
- ✓ Tourism services industry.



Rural Development Agency

Rural Development Agency

- ✓ Preferential agrocredit and agroinsurance;
- ✓ State program co-finances harvesting machinery;
- ✓ Co-financing of processing and storage enterprises;
- ✓ Supports organization of nursery gardens and planting of berry, nut, and other trees; and
- ✓ Promotes other agricultural activities.



GEORGIA'S INNOVATION & TECHNOLOGY AGENCY

Georgia's Innovation and Technology Agency

- ✓ Promotes commercialization of knowledge and innovation to stimulate the country's rapid economic growth;
- ✓ Techparks and innovation centers;
- ✓ FabLabs - high-tech workshops equipped with tools offering customers digital fabrication; and
- ✓ Business incubators, IT trainings, boot camps, Startup Georgia, and other successful projects.



JSC Partnership Fund (PF)

- ✓ Aims to attract and encourage private investors;
- ✓ Supports commercially viable investment projects; and
- ✓ Energy, agriculture, manufacturing, and tourism sectors are top priorities as these sectors are largely untapped and have great potential for further development.

GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENTS

1. WINE FACTORY "Tvishi"



—● LOCATION

In Tvishi, micro-zone where high-quality grapes (Tsolikauri) can be harvested; from which widely-acclaimed semi-sweet wine "Tvishi" is made.
Electricity supply available;



—● CADASTRAL CODE 89.05.15.475



—● OWNERSHIP

Central Government



—● POTENTIAL

Wine Factory



GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENTS

2. HOTEL BUILDING



LOCATION

Tsageri, in the settled area



AREA / 2 990 square meter



CADASTRAL CODE 89.02.25.055



OWNERSHIP

Central Government



POTENTIAL

Land is non-agricultural;

3 storey-building has 76 rooms; and

Built in the 1980s.



GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENTS

3. VILLAGE "LASHICHALA"



—● LOCATION

9 km distance from the settled area



—● AREA / 11 715 square meter



—● CADASTRAL CODE 89.04.31.130



—● OWNERSHIP

LTD "JANMRTELOBA"



—● POTENTIAL

Hotel



ESTIMATED STARTING PRICE AT AUCTION: 70,300 GEL

GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENTS

4. RESORT "AKHALCHALA"



LOCATION

Mountain resort; and
22 kilometers from the center
of the municipality;



AREA / 130 000 square meter



CADASTRAL CODE 89.09.25.021



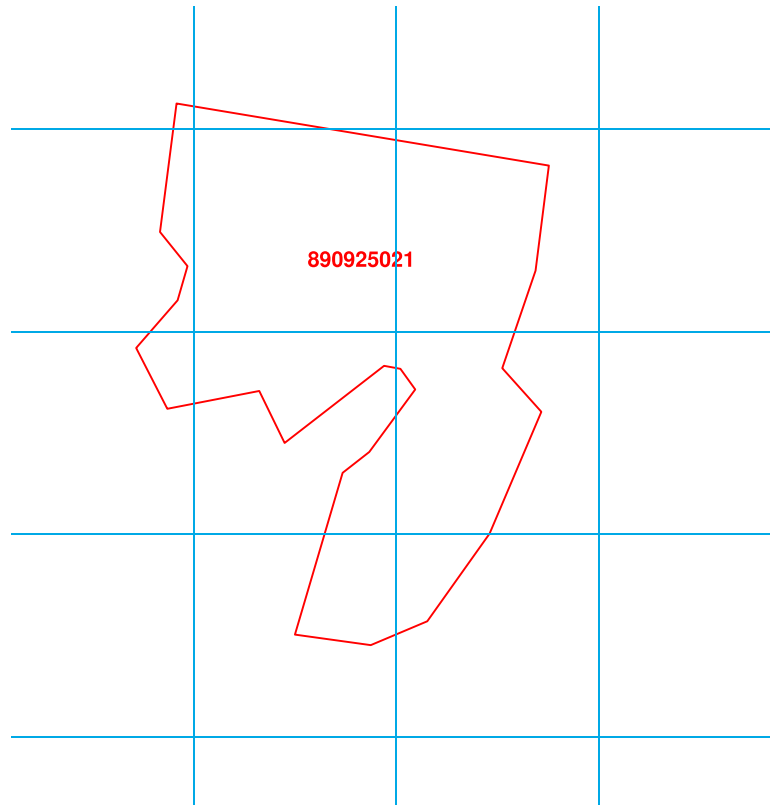
OWNERSHIP

Local government



POTENTIAL

Along with the mountain climate, resort offers mineral waters that can be used
to heal gastrointestinal problems.



FOR MORE INFORMATION:

Investment Climate & Opportunities in Georgia (2019)

<http://www.enterprisegeorgia.gov.ge>

OTHER USEFUL LINKS:



Invest in Georgia

www.investingeorgia.org

Ministry of Economy and Sustainable Development

www.economy.ge

Ministry of Finance of Georgia

www.mof.ge

Ministry of Environmental Protection and Agriculture of Georgia

www.mepa.gov.ge

Ministry of Regional Development and Infrastructure of Georgia

www.mrdi.gov.ge

JSC Partnership Fund

www.fund.ge

INFORMATION SOURCE

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