

Consolidated Report on Implementation of Regional
Development Programme of Georgia 2018-2021 for the year
2019

Department for Regional and Mountain Development
Ministry of Regional Development and Infrastructure of
Georgia
2020

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Introduction

Consolidated annual report on monitoring of Regional Development Programme (RDP) in 2019 covers information on the progress of implementation of measures and the achieved results.

“Regional Development Programme of Georgia 2018-2021” (RDP) was adopted by the Government of Georgia on June 11, 2018. The Programme is a medium-term government document, which defines general goals, objectives, and respective priorities and measures of regional development policy of Georgia for the period of 2018-2021.

The Programme provides a consistent framework for public and private investments that support regional development, it allows stakeholders to concentrate and coordinate resources at the regional level according to the unified strategy, in order to achieve highest level of effectiveness of intervention.

The overall goal of the programme is to support increasing competitiveness of the country and its regions, balanced social-economic development and improving living conditions on the territory of the whole country, reducing regional disparities, and territorial development. Overall goal involves achievement of **3 specific objectives**:

1. **Supporting rapid economic growth**, by systemic exploitation of Georgia’s comparative advantages in the dynamic international context, by using the potential of relevant territorial units at the various levels of governance, and by eliminating barriers hindering the process of development;
2. **Sustainable development**, safe rehabilitation and expansion of infrastructure, energy and communication networks and public utilities;
3. **Support to overcoming social and territorial disparities** – creating equal opportunities for every citizen, despite their social background and place of residence.

In order to achieve the above-mentioned objectives, the Programme uses the structure based on **5 priorities**:

1. Improvement of key infrastructure supporting competitiveness and sustainable development of the country and its regions;
2. Support to SMEs, growth-oriented sectors of economy and export promotion;
3. Support to development of human capital;
4. Promoting local development and support to specific areas based on their endogenous development;
5. Increasing the quality and effectiveness of regional development institutions and preparation of pilot regional development programmes.

Integrated territorial investment (ITI) measures should on one hand, effectively address the diverse needs of different territories, and on the other hand ensure maximum utilization of these territories’ specific capacities through implementation of regional development programmes that unify resources and efforts of different sectors and territories. The programme reflects measures that can be implemented in all regions of Georgia and that will have a distinct territorial impact on regional development. The programme defines sources of financing the measures from the budget and from external sources (e.g. international donors and development partners).

Regional Development Programme (RDP) 2018-2021 monitoring report for the year 2019 was prepared by the Department for Regional and Mountain Development of the Ministry of Regional Development and Infrastructure of Georgia, based on the information provided by the relevant departments, line ministries and subordinate bodies.

The report aims to, on one hand, analyze the results achieved while implementing the objectives of regional policy, set out shortcomings, problems and weak spots (if any), and on the other hand ensure publicity of the information.

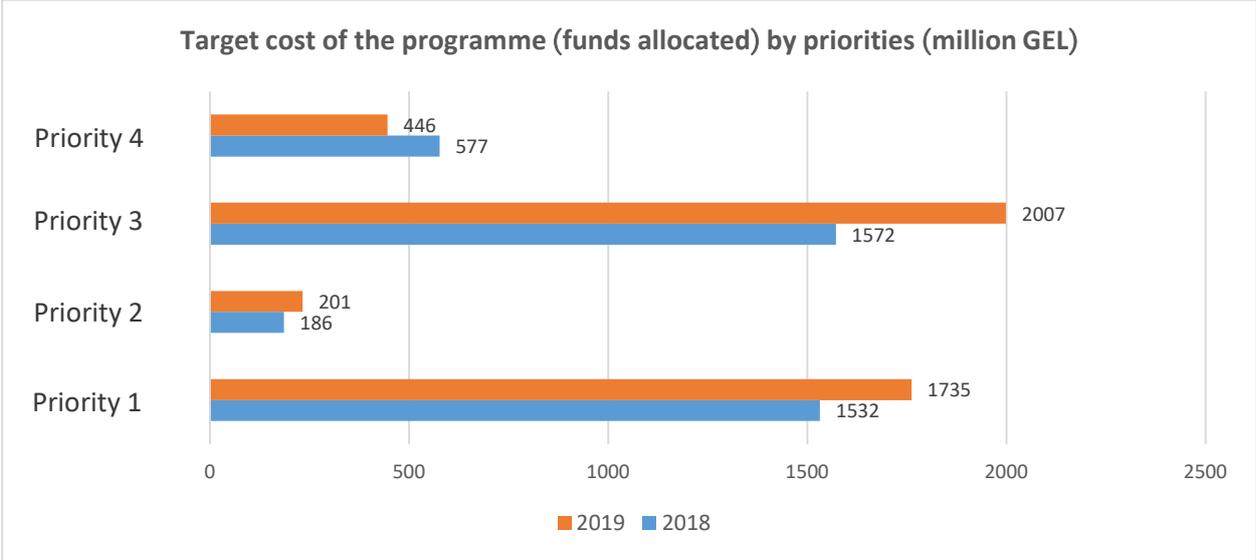
The structure of the monitoring report is as follows: the first part presents physical and financial progress of RDP implementation with reference to each measure; the second part analyzes achieved results. The third part of the document describes shortcomings and presents recommendations.

In comparison to the first programming phase (Regional Development Programme 2015-2017), RDP 2018-2021 presents new measures and implementing bodies. The total budget of the new programme is approximately 4.5 times greater than that of the previous programme. Thus, because of the differences in scale and content, outcomes of RDP 2015-2017 would not make a valid baseline for the new programme.

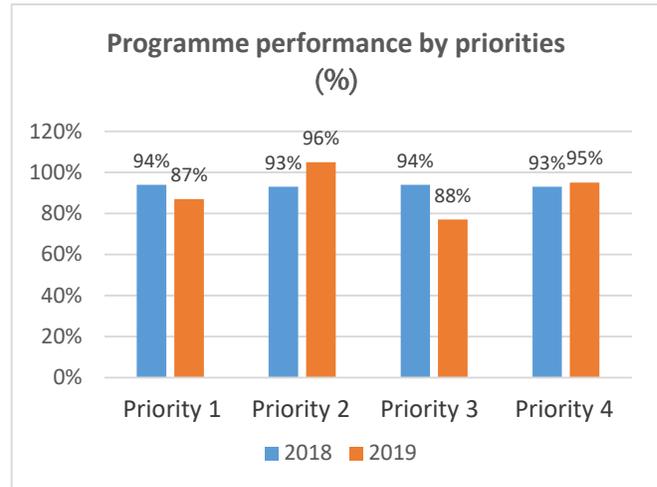
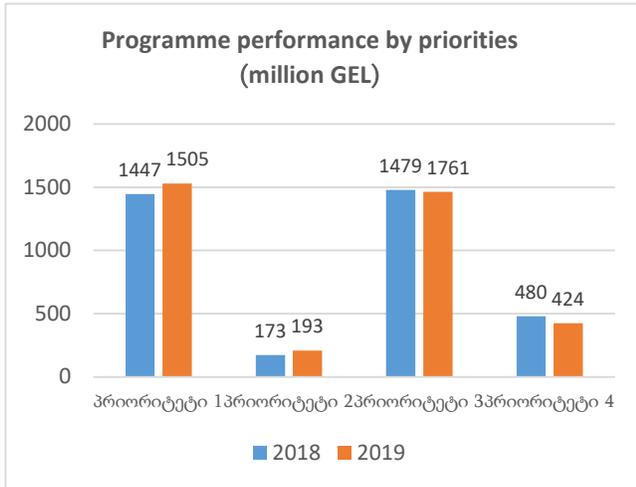
Brief review of financial performance of the programme in 2019

A total of approximately 4.387 billion GEL was allocated for the Regional Development Programme in 2019, which exceeds the budget of the previous year by 573 million GEL (see Chart 1). Simultaneously, performance in 2019 amounted to approximately 3.883 billion GEL (88%).

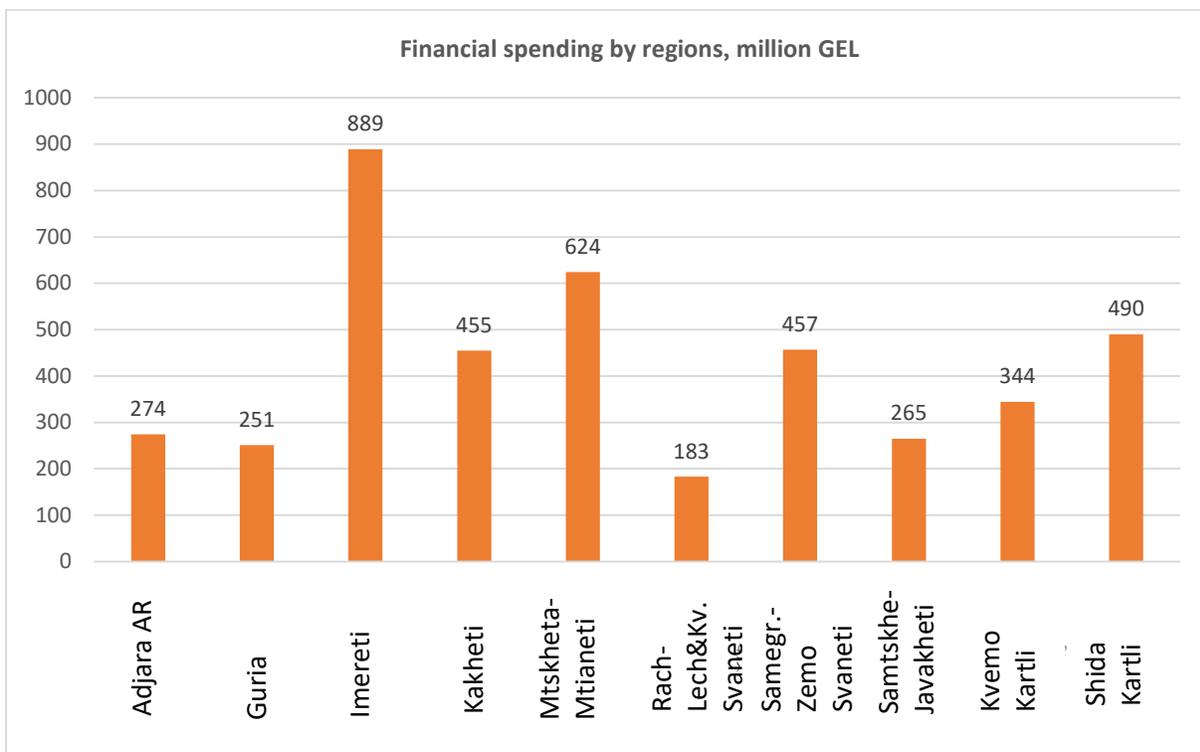
As the chart below shows, total sum allocated for Priorities 1, 2 and 3 in 2019 was more than that of 2018. With regards to Priority 4, money allocated in 2019 was less than that of 2018.



As in 2018, the largest amount of financing was allocated for priorities 1 and 3, 1.735 billion GEL for Priority 1 – “Improvement of key infrastructure supporting competitiveness and sustainable development of the country and its regions” and approximately 2 billion GEL for Priority 3 – “Support to development of human capital”. Performance of the programme according to Priority 1 reached 87%, with reference to Priority 3 – 88%, which is lower than the performance of the last year. Higher performance rates are present for Priority 2 (93% in 2018, 96% in 2019) and Priority 4 (93% in 2018 and 95% in 2019).



In the territorial context, largest amount was spent on the biggest region of the country – Imereti - 889 million GEL, followed by Mtskheta-Mtianeti region with 624 million GEL. Smallest amount was spent on the smaller regions – like Guria and Racha, Lechkhumi and Kvemo Svaneti, respectively 251 and 187 million GEL.



Brief review of the activities implemented under the programme in 2019

Under the first priority, where most of the financial resources spent in 2019 were concentrated, various infrastructure projects were implemented. In 2019 agreements were signed on 292 projects, out of which 203 projects completed works in the reporting year.

In the road sector, under the high-speed highway construction project, 140 km was under construction in 2019.

804 km of road and 44 bridges were rehabilitated and have undergone periodic maintenance works, while 7 new road bridges were built.

Along with implementing the projects, road maintenance measures were carried out, for which 79.2 million GEL was spent from the State Budget of Georgia.

Riverbank and sea-shore protection works were conducted at 47 sites, out of which construction works were completed on 27 sites. 14.8 million GEL was absorbed.

In 2019, natural disaster management and prevention works were conducted at 20 sites, out of which works were completed on 15 sites. 9.7 million GEL was absorbed.

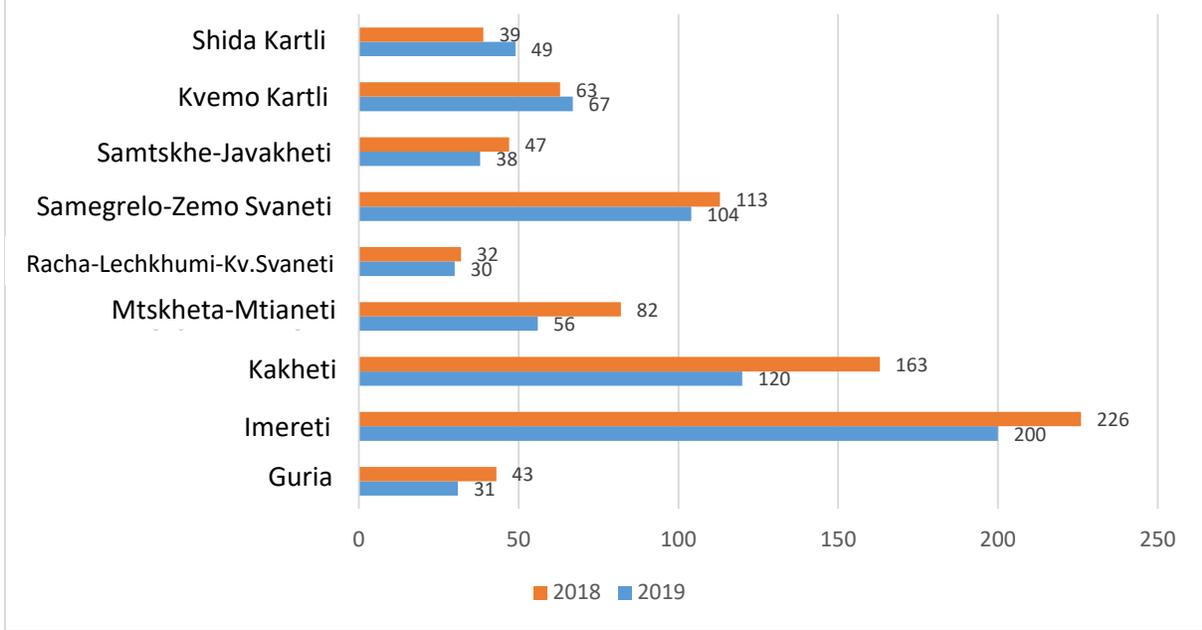
Under Priority 2, 32 enterprises were contracted under the programme “Produce in Georgia”, out of which 22 were new enterprises. Measures related to introducing new technologies were implemented in the regions under the donor-funded projects. 124 entrepreneurs received small grants, 39 startups were financed under the 100 000 GEL startup co-financing programme and 4 innovational projects were financed under the 650 000 GEL innovation co-financing programme. Additionally, training courses in graphic design were conducted in every region of Georgia – 350 participants were trained, out of which 150 successfully completed the course.

Under the same priority, additional financial resources were allocated from the budget for tourism (for researching new markets) and agriculture (agrocultures and insurance co-financing). The largest share was allocated for hotels located in Kakheti, Mtskheta-Mtianeti and Adjara.

Under Priority 3, projects for equipping schools with modern technologies were implemented in all regions of Georgia. Vocational schools in 5 regions (Adjara, Kakheti, Kvemo Kartli, Mtskheta-Mtianeti and Racha, Lechkhumi and Kvemo Svaneti) were equipped with school inventory. Rehabilitation works were conducted in 5 vocational schools in Adjara AR, Samegrelo-Zemo Svaneti, Kvemo Kartli and Mtskheta-Mtianeti regions. In 2019, training-modules of pedagogic courses were conducted for teachers of vocational schools in every region. Also, training courses were conducted for developing entrepreneurial competencies of teachers and directors, and for developing modern technologies and sectorial competencies of vocational teachers; beginning teachers were trained on the issues of learning modules. 12 scientific research grants were distributed among higher education institutions of 4 regions (Adjara, Imereti, Kakheti and Shida Kartli).

Performance in Priority 4 in terms of projects to be implemented in the regions amounted to 99%. In this direction, 55 million GEL was additionally allocated from the state budget and total amount of allocated funds reached 270 million GEL. Total of 695 projects were implemented in the whole country, which is less than the number of projects financed in 2018 (808). In the reporting year, highest number of projects were implemented in Imereti and Kakheti regions (200 projects in Imereti, 120 projects in Kakheti, 104 projects in Samegrelo-Zemo Svaneti). Number of financed projects increased in Shida and Kvemo Kartli, in the rest of the regions number of projects was decreased relative to the previous year.

Number of projects funded in the regions from the RDPF



Part I: Analysis of the progress achieved by measures envisaged in the priorities

Priority 1. Improvement of key infrastructure supporting competitiveness and environmental sustainability of the country and its regions

Measure 1.1. Improvement of international and national road infrastructure

During 2019, the Roads Department of Georgia was actively working on approximating Georgian transport sector to the European standards. Throughout 2019 contracts were signed for 292 projects, out of which 203 were completed during the reporting year.

Construction works for high-speed railways were undergoing on 13 sections. In 2019, 140km of road was under construction both in East and West Georgia under the high-speed highway construction project.

523.7 million GEL was absorbed by the Roads Department of Georgia for artificial structures and road rehabilitation works. Rehabilitation and periodic maintenance works were carried out on 804 roadways and 44 bridges. 7 new road bridges were built within the rehabilitation project.

Along with implementation of projects, road maintenance measures are carried out. In 2019, 79.2 million GEL was spent from the state budget for repairing the roads (maintenance).

Coastal management works were carried out on 47 sites, out of which works were completed on 27 sites. 14.8 million GEL was absorbed.

Liquidation of consequences of natural disasters and prevention works were carried out on 20 sites in 2019, out of which works on 15 sites were completed. 9.7 million GEL was absorbed.

Distribution of works carried out by the regions:

- Rehabilitation and periodic maintenance works were carried out on 11.6 km, at different sections of roadway in the Autonomous Republic of Adjara.
- Rehabilitation and periodic maintenance works were carried out on 59.9 km, at different sections of roadway in the region of Guria. 5 riverbank protection projects and 1 liquidation of the consequences of natural disasters and prevention works were also completed.
- Rehabilitation and periodic maintenance works were carried out on 112.5 km, at different sections of roadway in the region of Imereti. 6 riverbank protection projects and 1 liquidation of consequences of the natural disasters and prevention works were also completed.
- Rehabilitation and periodic maintenance works were carried out on 93.1 km, at different sections of roadway in the region of Kakheti. 1 riverbank protection project and 6 liquidation of consequences of the natural disasters and prevention works were also completed.
- Rehabilitation and periodic maintenance works were carried out on 54.1 km, at different sections of roadway in the region of Racha-Lechkhumi and Kvemo Svaneti. 6 riverbank protection projects and 1 liquidation of consequences of the natural disasters and prevention works were also completed.
- Rehabilitation and periodic maintenance works were carried out on 113.3 km, at different sections of roadway in the region of Samegrelo-Zemo Svaneti. 2 riverbank protection projects

and 4 liquidation of consequences of the natural disasters and prevention works were also completed.

- Rehabilitation and periodic maintenance works were carried out on 114.2 km, at different sections of roadway in the region of Samtskhe-Javakheti. 1 liquidation of consequences of the natural disasters and prevention works was completed.
- Rehabilitation and periodic maintenance works were carried out on 146.1 km, at different sections of roadway in the region of Kvemo Kartli. 1 liquidation of consequences of the natural disaster and prevention works was completed.
- Rehabilitation and periodic maintenance works were carried out on 12.9 km, at different sections of roadway in the region of Shida Kartli. 5 riverbank protection projects were completed.
- Rehabilitation and periodic maintenance works were carried out on 86.5 km, at different sections of roadway in the region of Mtskheta-Mtianeti. 2 riverbank protection projects were completed.

Output indicators

Output indicators	Unit	Target	Actual
Length of international and national roads constructed	km	10	19.5
Rehabilitation and periodic maintenance works carried out on roadways	km	300	804
Number of bridges constructed and rehabilitated	quantity	40	51

Table of Financial Indicators

Activity and sub-activity of the programme measure	Budget code	Target (thousand GEL)	Actual achievement (thousand GEL)	Achievement (%)
1.1.1 Improvement of international and national roads	25 02 03	825 387	736 074	89
1.1.2. Development of other than road strategic transport infrastructure	25 02 02 01;08;09;10;11;12;15;16;17;18;20; 25 03 03; 04; 05	353 500	523 784	148

Measure 1.2. Development of other than road strategic transport infrastructure

In 2019, within the modernization project, 88.950 million GEL was spent from the financial resources of JSC Georgian Railway. 88.450 million GEL was spent on construction works and technical supervision, and 500 thousand GEL was spent for buying out the property affected by the project. During the reporting period several projects of separate sections were processed, significant part of artificial structures was successfully completed (construction works of bridges, retaining walls and culvert pipes). Also, important part of completed railway embankments, specifically Shorapani-Tseva, Kharagauli-Lashe post and railway embankments needed for temporary railway track for Moliti station were handed over to Railway. 4.65 km of railway was constructed in 2019. Currently, 90% of the contractual obligations under the agreement are fulfilled.

Works envisaged by the modernization project are undergoing in Imereti region, specifically in Kharagauli and Zestafoni municipalities. Also, 9th tunnel connecting Kvishkheti-Zvare (8.33 km in length) eastern portal is located in Shida Kartli region, Kvishkheti territory. Also, new railway track will be connected to the existing railway in Shida Kartli. Railway embankment construction works of this railway line are fully completed by the contractor.

Output indicators	Unit	Target	Actual
Length of railway modernized/expanded and constructed	km	4,65	4,65

After the Tbilisi-Makhinjauri main railway modernization project is completed: conductivity of power transmission lines will increase to 48 million tons instead of existing 27 million tons, safety of railway vehicles will improve and also travel time will be significantly reduced.

Table of Financial Indicators

Activity and sub-activity of the programme measure	Budget code	2019		
		Target (thousand GEL)	Actual achievement (thousand GEL)	Achievement (%)
1.2.1. Modernization project of Tbilisi-Makhinjauri main railway line Zestafoni-Kharagauli; Moliti-Kvishkheti (including improvement of infrastructure, optimization of stations and depots, optimization of freight and passenger trains and purchase of new trains)	N/A	88 950	88 950	100

Developing airport infrastructure, including arrangement of supplementary infrastructure

Important part of construction works at David the Builder Kutaisi International Airport were completed in 2019, in Kutaisi, Imereti region. Construction of terminal and roofing works were also completed. Currently, the arrangement of engineering systems as well as the packing of the terminal is undergoing its final phase. Tender is planned to be announced for the internal repair of the terminal, as well as for the purchase of equipment. The contract for purchasing the luggage management system has already been signed. Transportation and assembly of the system comes next. Planning process of the conceptual design of the landscape is in its final phase. 21.9 million GEL was spent on the construction of the terminal in 2019.

After the completion of Kutaisi Airport expansion project, the area of the airport will increase to 30 thousand m², which will increase the capacity of the airport by about three times. In 2019, the activities carried out under the project significantly contributed to its implementation.

Developing Logistics Centers of Tbilisi and Kutaisi

On November 15, 2017, the Ministry of Economy and Sustainable Development of Georgia announced an expression of interest to select an investor for the construction and development of Logistics Centers in Tbilisi and Kutaisi. The deadline for the expression of interest expired on January 29, 2018. Interest was shown by 5 companies towards Tbilisi Logistics Center. 3 applications from 3 companies were received for Kutaisi Logistics Center. After a detailed study of the applications submitted in 2018, by the decision of the government commission, 3 companies were shortlisted for the Tbilisi project, and 2 companies for the Kutaisi Logistics Center. Shortlisted candidates were given a deadline - October 8, 2018 - to submit technical and economic proposals (RFP). Only one Chinese company - "China State Construction Engineering Cooperation Ltd" submitted a proposal out of the above-mentioned candidates - only for the development of Tbilisi Logistics Center. The application submitted by the candidate had some shortcomings, which is why the company was requested to submit a revised application, which was done in December 2018. The company submitted an incomplete documentation once again, due to which the deadline was extended several times at the request of the candidate. On July 23, 2019, the next meeting of the Commission for the Proposals on the Development of Tbilisi and Kutaisi Logistics Centers was held. The application submitted by the Chinese company regarding the Tbilisi Logistics Center was discussed in details during the meeting. A decision was made to terminate the selection process.

Correspondingly, as of 2019 the development/construction of Tbilisi and Kutaisi Logistics centers has not started. At this stage, concept for Tbilisi and Kutaisi modern Logistics centers is being revised.

Measure 1.3. Development of broadband infrastructure

In order to promote the development of high-speed, broadband infrastructure in Georgia, The Ministry of Economy and Sustainable Development of Georgia has developed a draft bill "On sharing telecommunication infrastructure and physical infrastructure used for telecommunication purposes". In order to adopt the draft bill in accordance with the rules, it is planned to be submitted to the Parliament of Georgia in 2020.

The draft bill aims to enable telecommunication operators in Georgia (including all regions) to expand their network with less financial cost, make information about physical infrastructure useful for communication purposes more accessible, etc.

Output indicators

Output indicators	Unit	Target	2019
1.3. Draft bill for the development of broadband networks “On sharing telecommunication infrastructure and physical infrastructure used for telecommunication purposes” elaborated and adopted	Quantity	1	1

A draft decree “On approval of the national strategy 2020-2025 for the development of broadband networks in Georgia and its action plan” was also elaborated.

“The national strategy 2020-2025 for the development of broadband networks in Georgia and its action plan” is oriented towards implementation of EU policies and regulations throughout Georgia (including all its regions), including national internetization programme, communal internetization projects, measures to facilitate projects such as building high-speed Internet networks, attracting investment, increasing competition, improving Internet and technology skills among the population, effectively regulating the wholesale Internet market, sharing telecommunications infrastructure, improving internet quality, making radio frequency spectrum more accessible and other measures to develop networks and new services.

Within the framework of the draft strategy, in 2019, works have already started on different activities foreseen by the action plan, including:

Works were underway to update the State Broadband Infrastructure Development Programme, with the assistance of the World Bank. In order to update the programme and implement it in the future, a work group was created in the Ministry of Economy and Sustainable Development of Georgia, which is supervised by the minister. Deputy minister and the members of Communications, Information and Modern Technologies Department, “Open Net”, the Communications Commission and the World bank are also the part of the work group. The working group has prepared a draft resolution of the Government of Georgia "On Approval of the State Programme for the Broadband Infrastructure Development in Georgia" on amending the Resolution N375 of the Government of Georgia of July 28, 2016. Model I of the corresponding EU manual (so-called Lithuanian model) developing a unit network in so-called “white zones” – where is no network and private companies do not plan to build it in the next 3 years, was selected for implementation.

The Ministry of Economy and Sustainable Development of Georgia, in cooperation with partner organizations - NNLE "Mountain Community Network", the Georgian Association of Small and Medium Telecommunication Operators, was building a community Internet network in Pshavi-Khevsureti and Gudamakari regions. The project was also attended by ISOC Europe Office, LEPL Georgia’s Innovation and Technology Agency, Georgian National Communications Commission, Embassy of the Czech Republic in Georgia, Dusheti Municipality, “Veon Georgia”, “Intelcom Ltd. Group”, “Digital Technology Ltd”, “Skytel Ltd” and “Enbi Net Ltd”.

Output indicators

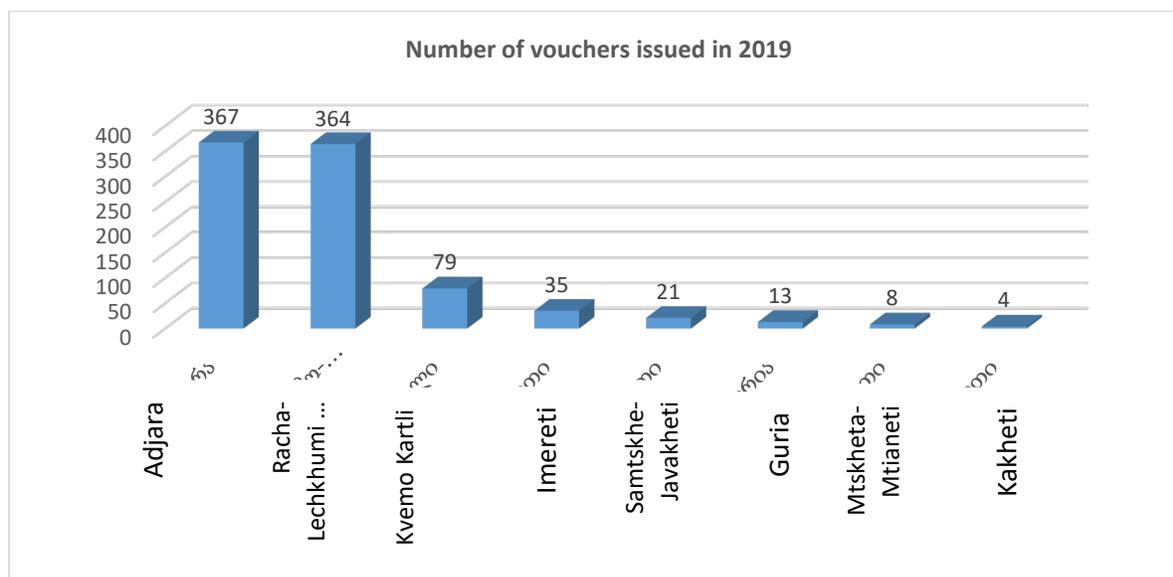
Output indicators	Unit	Target	2019
"Strategy for Development of National Broadband Infrastructure and its Implementation Plan" and the regulations supporting the development of broadband networks, legislative changes are developed and approved	Quantity	1	1

During this period, 785 entrepreneurs were trained in electronic literacy and electronic commerce across Georgia. 325 entrepreneurs operating in the region were able to register on at least three new electronic platforms, 30 of which were able to make their first online sales.

Table of Financial Indicators

Activity of programme measure	2019			
	Budget code	Target	Actual achievement	Achievement (%)
1.3.1. Internet for Development - Reimbursement of internet connection fee for 1,500 socially vulnerable families living in the mountainous regions of Georgia through a voucher (150 GEL voucher). Also, training of 1,000 micro, small and medium entrepreneurs operating in the regions of Georgia in electronic commerce, electronic business and electronic governance.	24 12	550	339	61

Under this measure, 61% of the budget was absorbed in 2019. Internet voucher program is implemented in the high-mountain settlements of Georgia and 891 socially vulnerable families benefited from the programme in 2019.



Measure 1.4. Improvement of energy infrastructure and expanding renewable energy potential

In 2019, financing of 40 million GEL in the form of targeted capital transfer was allocated from the state budget of Georgia for the implementation of construction, design and pre-design of gasification works foreseen by the 2019 plan of the Decree of the Government of Georgia N791 of April 5, 2019. In addition, for the above-mentioned purposes, the company was instructed by the same decree to use the surplus created in the previous years for activities contributing to improved gas supply to Georgia.

Distribution of works carried out by the regions:

- Autonomous Republic of Adjara – 2.4 million GEL was spent on design and construction works
- Guria – 1,148 potential subscribers, 89.1 km gas pipe was built, 5.6 million GEL spent
- Imereti – 1,374 potential subscribers, 132.9 km gas pipe built, 4.3 million GEL spent
- Kakheti – 153 potential subscribers, 18 km gas pipe built, 4.7 million GEL spent
- Mtskheta-Mtianeti – 451 potential subscribers, 37.9 km gas pipe built, 1.5 million GEL spent
- Racha-Lechkhumi and Lower Svaneti – 196 thousand GEL spent on design works
- Samegrelo-Zemo Svaneti – 6,820 potential subscribers, 368,7 km gas pipe built, 15.7 million GEL spent
- Samtskhe-Javakheti – 94 thousand GEL spent on design works
- Kvemo Kartli – 53 potential subscribers, 2.9 km gas pipe built, 227 thousand GEL spent
- Shida Kartli – 200 potential subscribers, 8.7 km gas pipe built, 2.5 million GEL spent

Rehabilitation works of state-owned hydropower plants Vardnili HPP and Enguri HPP were underway according to the medium-term programme, which aims to:

- Reduce filtration and pressure losses in the tunnel, repair of damaged areas;
- Increase the reliability of the aggregates;
- Prevention of emergency stops;
- Improve transportation conditions;
- Replacement of functionally and physically depreciated equipment;
- Cleaning of the silt and accordingly using a support shield to repair deep spillway shields

Project implementation started after the loan and project agreement with the European Bank for Reconstruction and Development came into force in May 2018.

The project includes rehabilitation of 14 km of road leading to Enguri HPP (budget - 5 million EUR), electromechanical and hydromechanical works (budget - 6 million EUR), construction works on the pressure tunnel of the Enguri HPP (budget - 15 million EUR), cleaning of reservoir from debris (budget- 5 million EUR).

Table of Financial Indicators

Activity and sub-activity of the programme measure	Budget code	2019		
		Target (thousand GEL)	Actual achievement (thousand GEL)	Achievement (%)
1.4.1. Improvement of electricity and gas supply to population	24 15	40 000	37 200	93
1.4.2 Rehabilitation project of Enguri and Vardnili hydro-electric power stations (EIB, EU)	24 13 01	25 000	17 083	68
1.4.3 Developing electricity network of systemic importance	24 14	26 900	21 493	80
1.4.3.1 Construction of Akhaltsikhe-Batumi line (ADB, IBRD, WB)	24 14 01 01	13 000	8 047	62
1.4.3.2 Construction of Jvari-Khorga electricity network (EBRD, EC, KfW, WB)	24 14 02 02	6 000	2 181	36
1.4.3.3 Construction of power transmission line in Ksani – Stepantsminda (EBRD, EC, KfW, WB)	24 14 02 01	7 900	11 265	143

In 2019, the implementation of works under the sub-measure 1.4.2 were smaller in scale than planned due to the delay in concluding the grant agreement and the continuation of tender (two-stage open international tender (pre-qualification stage) for "electromechanical and hydromechanical" works; two-stage open international tender (pre-stage) Construction works on the Enguri pressure tunnel and other construction works; one-stage open international tender on cleaning the Enguri Reservoir from debris ") process: due to the complexity of the works, all tender participants requested extending the tender submission deadlines. Accordingly, the contracts were signed with a delay of 3 months.

In the direction of the construction of the Jvari-Khorga power transmission line, 220 km of double-circuit power transmission line "Odishi 1,2" (Jvari-Khorga) is still to be constructed, 60 km long and 500 kW power transmission line "Caucasus" is to be cut into "Jvari 500/220" 16km (2x8 km).

The geography of the project is quite difficult due to the mountainous terrain. It crosses the valleys as well as the Enguri River. The 220-kW line route will have to pass through much flatter, lowland areas, but the line will cross the tributaries of the Rioni River. In addition, climate and geographical factors are among the main impediments to the implementation of the project, which result in a low rate of performance (36%).

Measure 1.5 Improvement of infrastructure for protection from natural disasters

Riverbank protection and prevention works against natural disasters

Riverbank protection works were carried out at 47 sites by the order of the Roads Department of Georgia in 2019, out of which works were completed on 27 sites. 14.8 million GEL was absorbed.

Prevention works against natural disasters were carried out at 20 different sites in 2019, by the order of the Department, out of which works on 15 sites were completed. 9.7 million GEL was absorbed for prevention works.

In the reporting period, the projects that started before 2016 were being implemented in 2019. Projects served the purpose of restoration-rehabilitation of water supply, sewage, wastewater system and other related facilities in the regions of Georgia. The target of these works was improving the regional infrastructure and the well-being of the population. The sub-projects are funded by the European Investment Bank (EIB), the Swedish International Development Cooperation Agency and the Georgian state budget.

Following works have been conducted under the project: pipes have been replaced, new pumping stations have been built, meters have been installed, chlorination buildings have been repaired, etc.

Project works were carried out according to the schedule. Project deadlines have changed in the number of occasions due to financial and other types of problems from the contractor companies.

Output indicators

Indicator	Unit	Target	2019
The length of the protected shoreline; Number of coastal management works	km	30	24
Number of constructions built for protection from natural disasters (excluding monitoring stations); prevention works against natural disasters (excluding monitoring stations)	Quantity	20	14

Table of Financial Indicators

Activity and sub-activity of the programme measure	Budget code	2019		
		Target (thousd. GEL)	Actual achievement (thousd. GEL)	Achievement (%)
1.5.1. Coastal management works for riverbanks and seashores	25 02 02 07	21 738	21 738	100
1.5.2. Construction/arrangement of infrastructure protecting from natural disasters	25 02 02 05	8 000	8 000	100
1.5.3 Expansion / creation of a standard and specialized network for monitoring of hydrometeorological parameters and geological hazards, including: A) Development of radar network for monitoring weather conditions B) Improvement of telecommunication system for the collection and distribution of hydrometeorological monitoring data on national and international level C) Expansion of the monitoring network, including instrumental monitoring of settlements and infrastructural sites at the geologically dangerous areas (landslide, mudflow, etc.)	34 01 01	1 981	1 197	60,41
1.5.4 Provide durable housing for eco-migrants	27 06 02	4 157	4 107	99

Measure 1.6. Development of water, wastewater and solid waste management infrastructure

During the reporting period, 9 water supply and 11 large-scale wastewater projects were carried out, funded by the donor organization. 6 out of 9 water supply projects were supposed to be completed in 2019, however only 2 were finished. 3 out of 11 wastewater projects were supposed to be completed but only 2 were finished. Targets couldn't be fully reached.

Guria:

- 1) Expansion of water-pipe network in the city of Lanchkhuti (3rd stage) – construction works were being carried out;
- 2) Construction of water system in Anaseuli settlement, in the city of Ozurgeti – procurement of design service was completed. Construction works were being carried out;
- 3) Ensuring water supply for village Bakhvi-Vakijvari, Tskhemliskhidi - construction works were being carried out;
- 4) Construction of wastewater system on Kostava street in Ozurgeti - construction works were being carried out;
- 5) Construction of water supply/wastewater system of Bakhmaro - construction works were being carried out;
- 6) Arrangement of water-pipe network on Dumbadze, Baratashvili and Chkhaidze streets in Lanchkhuti - construction works were being carried out;
- 7) Rehabilitation of the water supply network in 5 villages of Lanchkhuti – Kvemo Aketi, Chanchati, Tsiaghobani, Ghrmaghele, Jurukveti - procurement of design service was being carried out
- 8) Rehabilitation/construction of the water supply network in the villages of Ozurgeti municipality; Tskhemliskhidi, Dvabzusa and Mshvidobauri - procurement of design service was being carried out

Kakheti:

- 1) Rehabilitation/construction project for Old Anagi water supply system – construction and design works were being carried out
- 2) Construction of a drinking water well at the so-called “Nasomkhari” source in Sighnagi municipality, city of Sighnagi – construction works were being carried out
- 3) Rehabilitation/construction of water supply and wastewater system in Kvareli – procurement of project documentations has been completed
- 4) Full rehabilitation of water supply system in the village of Matani - procurement of project documentation has been completed

Samegrelo-Zemo Svaneti:

- 1) Construction of Anaklia wastewater and Mestia water treatment plant REG-02 – construction works have been completed. Facilities were being maintained.
- 2) Rehabilitation of Zugdidi water supply network ZUG-01 – construction works were being carried out;
- 3) Rehabilitation of Zugdidi sewerage network ZUG-02 – construction works were being carried out;
- 4) Rehabilitation of Zugdidi sewage treatment plant REG-03a - construction and design works were being carried out
- 5) Construction of Poti sewerage system POT-01 – construction works were being carried out
- 6) Construction of Poti sewage treatment plant POT-02 – construction works were being carried out
- 7) Rehabilitation of Jvari water supply network JVARI-01 - construction works were being carried out
- 8) Construction of Abasha transmission line ABA-01 - construction works were being carried out
- 9) Rehabilitation of Ureki water supply and wastewater network URE-01 – construction works have been completed. On September 11, 2019, the certificate of acceptance was signed. Currently, the period of elimination of defects is ongoing.
- 10) Construction of Ureki treatment plant URE-02 – construction works have been completed. Site has been handed over. On September 16, 2019, a certificate of completion was issued, site was under maintenance.
- 11) Construction of Mestia wastewater treatment plant (MES-03) - design works were being carried out

- 12) Individual metering of multi-apartment buildings and private houses in Khobi – design works have been completed and construction was being carried out.
- 13) Procurement of construction services necessary for the transfer of depreciated water pipes in the administrative unit of Muzhava.

Imereti:

- 1) Phase 2 of Kutaisi water supply project KUT-01 – construction works were being carried out
- 2) Rehabilitation of Chiatura water supply network CHI-01 – construction works were being carried out
- 3) Construction and design of alternative backup 6 kw overhead transmission power line supply to Tskaltubo main water supply plant (“Mitsatsitela” pumping station) design works have been completed and construction was being carried out.
- 4) Construction of wastewater collector for 8 apartment buildings have been built for internally displaced persons in Tskaltubo municipality, village Gvishtobi – procurement of construction works was being carried out
- 5) Construction of water supply system in Khoni municipality, villages – Akhalsheni, Svanebisubani, Prangebisubani – procurement works for design services were completed
- 6) Construction of water supply system in Kharagauli – procurement for design services has been completed

Mtskheta-Mtianeti:

- 1) Construction of Gudauri water supply and wastewater systems GUD-02 – construction works were being carried out
- 2) Construction of Gudauri wastewater treatment plant GUD-03 – design works were being carried out
A) Replenishment measures of Gudauri man-made water reservoir B) Arranging external water supply in Kazbegi municipality, village Pansheti by Ltd. “Murphy Kazbegi” – procurement for design services has been completed and procurement for construction services were being carried out
- 3) Construction of drinking-water and wastewater in village Mukhrani, arrangement of treatment plant – procurement works for services were being carried out
- 4) Rehabilitation of wastewater network and treatment plant in Dusheti and Jinvali – procurement of project documentation was completed
- 5) Rehabilitation of wastewater network and treatment plant in Pasanauri - procurement of project documentation was completed

Racha-Lechkhumi and Kvemo Svaneti:

- 1) Rehabilitation of water supply system in the city of Tsageri and 2 villages in the municipality of Tsageri - procurement of project documentation was carried out
- 2) Rehabilitation of water supply/wastewater in borough Lentekhi – procurement of project documentation was carried out

Kvemo Kartli:

- 1) Construction of Marneuli water supply and wastewater systems; construction of Bolnisi water supply system MAR-01 – construction works were being carried out
- 2) Construction of Marneuli wastewater treatment plant MAR-02 – design works were being carried out
- 3) Arrangement works of external wastewater and water supply network in the city of Marneuli, for 31 beneficiaries in Lalghuni settlement.

Samtskhe-Javakheti:

- 1) Rehabilitation of water supply network in borough Adigeni – construction works were being carried out
- 2) Rehabilitation of Vale water supply network – construction works were being carried out
- 3) Arrangement of sewage system in Akhaltsikhe on Akhaltsikhe, Baghinashvili and Chkondideli streets – construction works were being carried out
- 4) First stage of rehabilitation works of water supply system in borough Abastumani - construction works were being carried out
- 5) Second stage of construction of Abastumani water supply network and rehabilitation of water supply system in Arazido settlement - construction works were being carried out
- 6) Rehabilitation of Abastumani wastewater system - construction works were being carried out and procurement of project documentation was completed
- 7) Construction works for new reservoirs in Akhaltsikhe municipality was completed.

Shida Kartli:

- 1) Rehabilitation/construction of water supply network in borough Agara - construction works were being carried out
- 2) Reinforcement works of the water supply network and slope damaged by the landslides in sanitary zone of “Kecharukhi” drinking-water supply reservoirs in the city of Kaspi.

Output indicators

Output indicator	Unit	2019	
		Target	Actual
Number of water supply projects implemented	Quantity	21	17
Number of wastewater projects implemented	Quantity	5	2

Table of Financial Indicators

Activity and sub-activity of the programme measure	Budget code	2019		Achievement (%)
		Target (thousand GEL)	Actual achievement (thousand GEL)	
1.6.1 Modernization and development of water and wastewater network, including construction and rehabilitation of treatment plants.	25 04 04; 06; 08; 05; MDF 02; 03	6 270	6 270	100
1.6.2 Solid waste management system development (closing old, construction of new regional landfills according to the international standards)	25 05, 56 13 03	18 925	21 644	114

Part of the projects couldn't be completed on time due to several key factors: 1. Problematic design – at the start of the construction works, contractor frequently encountered some design problems that required appropriate response in order to ensure smooth operation of the system in the future. Processing of the agreements takes some time. Also, often additional works are needed. 2. Contractors - Unfortunately, contractor's representatives lack the skills of proper planning of projects. Consequently, instead of planned works, activities for solving the problems are being carried out. 3. Bureaucracy – the implementation of any change in project requires agreements on several levels, which affects the duration of work itself.

Measure 1.7. Preserving and promoting cultural heritage

20 organizations, including 11 existing subordinate LEPLs of the Ministry, operating in regions (museums, house-museums) were financed within the programme which aims to create appropriate conditions for the proper functioning of cultural heritage organizations, to take preventive measures for the protection of museum values, to take measures to popularize museums / museum-reserves, to establish a management system in accordance with international standards, to increase the number of visitors and income, to fulfill the obligations taken with international conventions, to manifest the culture of minorities and to integrate people with disabilities into the cultural life of the country. the program was funded with 25.7 million GEL.

During 2019 following works were carried out:

- Around 300 exhibits restored and preserved, number of visitors in the regional museums - 317,409, around 30,00 exhibits registered in the information system of Georgian museums' collections (egmc.gov.ge), around 350 activities carried out by the regional museums (exhibitions, new exhibits, public lectures, educational programmes, expeditions, etc).
- During the reporting period, with the support of Icom Georgia and TAIEX, around 50 members of museum employees were trained.

Output indicators

Output indicator	Unit	Target	Actual
Rehabilitation project prepared, monument restored, archeological research-conservation of the implemented sites on cultural heritage samples	Quantity	70	170

Table of Financial Indicators

Activity and sub-activity of the programme measure	Budget code	2019		
		Target (thousand GEL)	Actual achievement (thousd. GEL)	Achievement (%)
1.7.3. Support for small scale infrastructure development surrounding areas of cultural heritage sites	25 03 01; 25 03 04; 25 03 05	20 953	20 953	100

Output indicators were fulfilled by almost 200% because of the unforeseen circumstances arising from the conditions of the monuments, resulting in an increase of the number of sites to be funded.

Measure 1.8. Preserving and promoting natural heritage (national parks, strict nature reserves, protected areas of other categories)

During the reporting period of 2019, these measures were completed:

- 1 viewpoint from 1 visitors center was constructed (Kinchkha waterfall)
- 2 attractions arranged (rope park in Mtirala and Algeti national parks)
- Educational and ecotourism infrastructure was arranged at 4 protected areas (Eagle Gorge path in Vashlovani, Infrastructure of Kinchkha, educational path in Batsara-Babaneuri protected areas, cottages in Javakheti protected area)
- Security infrastructure was improved on 3 protected areas (Tbilisi, Mariamjvari and on cottages in Batsara-Babaneuri)
- Inventory of 34.031 hectares of forest in 2 protected areas (Tbilisi (20.031 hectares) and Pshavi-Khevsureti (13.000 hectares) completed
- Rehabilitation projects for 12 bridges are being carried out (Borjomi-Kharagauli protected area)
- Arrangement works for islands in Javakheti protected areas are being carried out

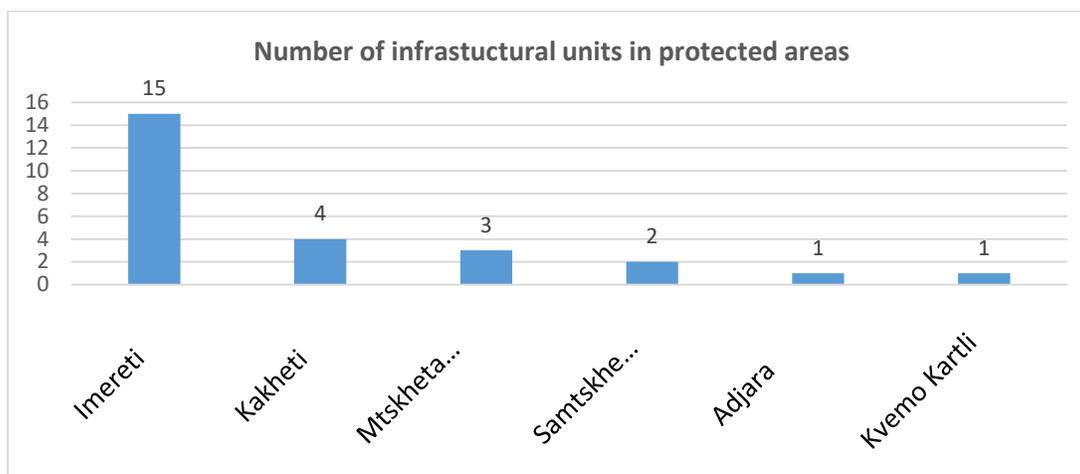


Table of Financial Indicators

Activity and sub-activity of the programme measure	Budget code	2019		
		Target (thousand GEL)	Actual achievement (thousd. GEL)	Achievement (%)
1.8.1. Preserving biological diversity	31 01 06	150 000	150 000	100
1.8.2. Formation and management of the system of protected areas in Georgia	31 09-31 09 01-11-09-04	21 871	20 773	95
1.8.3. Development of protected areas in Georgia CNF	31 09 04	1 986	1,514	76

The amount of funds allocated for the biodiversity protection measure was fully absorbed. Absorption in the establishment and management of protected area systems was 95%, and in the development section – 76%.

Priority 2. Support to SMEs, growth-oriented sectors of economy and export promotion

Measure 2.1. Support to Enterprises, including SMEs

National programme of “Produce in Georgia” aims to develop private sector in Georgia and increase accessibility of technical support and finances. Accessibility to the field of national finances includes co-financing of the annual interest rate on leasing facilities and/or commercial loans taken out for business development, for 2 years.

During 2019, 91 business projects were supported in this field (excluding Tbilisi), 59 of which were hotels, and 32 - enterprises. Within the projects of industrial field (production), more than 61.33 million GEL was invested. More than 46.5 million GEL was approved by commercial banks through the programme. These beneficiaries will additionally create 770 new jobs.

The beneficiaries of the industrial field of “Produce in Georgia” programme (production and hotel) receive financial support for 2 years, therefore in 2019, those beneficiaries, who haven’t been in programme for 25 months, were also supported. As a result, during 2019, loan interest co-financing was transferred to 159 regional projects. The total sum transferred funds was 12.4 million GEL (7.2 million GEL for the hotels; 5.2 million GEL for production).

In 2019, in the regional context, the most amount of funds given out as subsidies to local enterprises from the contracts signed for enterprise projects was distributed to Kvemo Kartli (1.15 million GEL), Mtskheta-Mtianeti (1 million GEL) and Imereti (0.87 million GEL).

Output indicators

Indicator	Unit	Target	2019
Number of loans issued for SMEs	Quantity	60	91
Number of modernized enterprises, by region	Quantity	30	36
Number of start-ups created, by region	Quantity	30	55

Table of Financial Indicators

Activity and sub-activity of the programme measure	Budget code	2019		
		Target (thousand GEL)	Actual achievement (thousd.GEL)	Achievement (%)
2.1.1. Increase access of SMEs to financing, including the component of increasing accessibility for hotels	24 07 02	16 495	15 037	91
2.1.2. Providing small grants to Micro and Small Enterprises	24 07 02	0	0	0
2.1.3. Developing human resources in SMEs	24 07 02	300	92	31
2.1.4. Promotion of film industry development	24 07 02	3 709	8 621	232

The number of 33 enterprise projects existing in the regions were signed in 2019, 22 of which were new enterprises. This means their enterprise projects are ongoing at this stage. The state will receive a return from their economic activity in 2020-2021.

No activities were implemented within the sub-measure 2.1.2 providing small grants and consultations to micro and small enterprises.

Measure 2.2. Support to innovation

During the reporting period, these measures were implemented in Georgia to support the development of innovations and technology:

- The agency has launched a Technology Transfer Pilot programme (TTTP) with World Bank under an EU grant programme, to develop innovations and technologies in the country and to commercialize applied researches. Within the framework of the project, applied researches are received from research institutions and private researchers for their further commercialization. 12 out of 74 received applications were selected, 6 of which received support and 6 are waiting;
- In order to develop engineering (STEM) and production capabilities, the agency conducted a series of skill development trainings in Tbilisi as well as in the regions:
 - a. In collaboration with the Massachusetts Institute of Technology (MIT) in the field of Arduino, product design and production, which was attended by the representatives of Tbilisi and regional Fablabs.
 - b. Invited specialists ran training courses in the following areas: “how to create an innovative product”, “Ebay & Etsy – international online platforms”, “Theory of solving educational problems”, “2D graphics – Corel Draw”, “3D graphics training – Fusion 360”. As well as “Arduino for adults”, within the framework of which the final makeathon was held at the Technopark;
 - c. TOT training for the representatives of regional technoparks and innovation centers of Georgia in the following areas: Lego & Littlebits, CorelDraw, Tinckercard and 3D printing;
 - d. A STEM festival was held in Batumi in partnership with Georgia’s Innovation and Technology Agency. The attending students received information about the current Fablab projects and discovered the capabilities of the equipment in the laboratory.
 - e. Tech Park, Fablab and Business Accelerator Park organized the Hardware Hackathon, for which applications were also accepted from the regions.
- For the effective utilization of Fabrication Innovations Laboratory (Fablab) and its high-tech equipment, the regional managers of Fablab received training. Additionally, FAB School held field trainings in various regional schools. In total, up to 50 FAB School training programs were held, including: Little Bits, Arduino, Lego Robotics, 3D Modelling (Tinkercad), Snap Circuits, mBlock;
- In order to develop a sustainable innovative ecosystem in the country, Georgia’s innovative sustainability is assessed with support from United Nations Economic Commission for Europe (UNECE);
- With UN Women, the project “Gender Audit of Georgia’s Innovation and Technology Agency” was prepared, which aims to ensure equal representation in terms of gender among both the employees and the beneficiaries of the agency;

- In 2019, in partnership with the Embassy of Italy and COTEC, an engineering internship programme was held in Italy;
- The agency formed a memorandum with the USAID Economic Security Program in order to support the creation of highly qualified personnel and priority sectors (such as: intellectual services, creative industries, light industry and tourism) across the country;
- In order to attract intellectual resources and investments to the country, the agency, along with the company Butterfly, started the “Work from Georgia” campaign. This campaign aims to attract so-called digital nomads to Georgia, who are able to work from any place in the world;
- For the development of startup skills and their entry into the global market, educational visits to Austria, Portugal and the US were organized, with support from international organizations as well as some partner donor organizations;
- In order to create highly qualified and high-paying work, IT training programs are being held in Tbilisi and the regions, as well as remotely, in the professions which are most in demand;
- To help develop entrepreneurial skills in students, information meetings were held in universities, in Tbilisi as well as in the regions;
- Under the cooperation memorandum between the Innovation Agency and Google Entrepreneurs, Georgia received the license to host the regional event of the global conference Start Up Grind, which helps to position Georgia as a regional hub. The conference had 1700 registered participants, including those from the regions of Georgia;
- Georgia’s Innovation and Technology Agency, along with CBC Georgia, organized a two-day regional bootcamp in the hospitality industry (Zugdidi, Georgia);

The following events were held in various regions of Georgia:

- Events were planned and people were chosen to retrain entrepreneurs and families in the regions in digital and electronic literacy, to encourage them to offer some of their products and services online and later receive internet vouchers;
- Additionally, regional bootcamps were held for 100 successful students across the regions, along with the finalists of the co-financing grants;
- In the centers and hubs of the regions, children’s workshops in the STEAM field were held, (Arduino, Lego Robotics, Little Bits, 2D workshops) as well as the training program “How Fablab Works”, which taught the students how to work with modern equipment;
- Under the project “FAB Summer Kids”, up to 60 children’s STEAM workshops were held (Little Bits, Lego Robotics, Arduino, 2D Design, 3D Design), with the participants being from Tbilisi as well as the regions;
- A bootcamp was held in Telavi, where up to 30 young Georgians were introduced to the fundamentals of innovation and technology, attending training sessions and preparing presentations;
- A training program in entrepreneurship was held in the innovation center of Akhmeta, attended by up to 30 participants;

- To develop entrepreneurial skills in universities, an Estonian company chosen by the agency carried out training for existing pre-accelerator managers in up to 10 universities and tech-parks (in Kutaisi, Batumi, Zugdidi and Telavi);
- In Baghdati, the training program “How to Create a Website Easily” was held for the second time, attended by up to 30 participants;
- In Anaklia, in partnership with the Ministry of Economy and Sustainable Development, under the leadership of foreign and Georgian mentors, the first regional ‘welcome challenge’ was organized, among startups in the Tourism and Hospitality Industry of Caucasian and Central Asian countries; This event is the largest-scale international entrepreneurial project, aiming to form an entrepreneurial ecosystem and connect the leaders of different ecosystems;
- During the May-June and November-December months of 2019, Georgia’s Innovation and Technology Agency carried out two training courses in Graphical and Interface Design (UI/UX). In Tbilisi and Georgia’s 12 regions, trainings were held in innovation centers, innovation centers and educational institutions (universities, vocational schools). In total, over 350 participants were trained, 150 of which managed to successfully complete the course. The successful participants presented their projects at the tech-park. They received certificates, some of them also being offered job opportunities in their own regions, in the highly demanded professions they had been trained in, as well as the choice to start an internship in one of Tbilisi’s IT companies;
- In 2019, with the initiative of Georgia’s Innovation and Technology Agency and the company Lingwing, the Technobus project was implemented for the second time: The “Technobus” headed from Tbilisi to the schools of Adjara, Guria and Samtskhe-Javakheti. The project aims to create a moving bus which will popularize modern learning methods and encourage successful youths to share their experiences on European values, startups and entrepreneurship. It’s worth noting that through the project, over a period of 5 weeks, up to 40 meetings were held and up to 4500 students were introduced to innovative entrepreneurship and fundamentals of technology;
- An innovative camp was held in Batumi, during which 100 successful students from Tbilisi and the regions were trained at a five-day workshop.

In order to ensure access to finances, the agency implemented three types of grant programs:

- A) 393 entrepreneurs/individuals received a small grant, under 5000 GEL. The small grants program finances prototyping, transportation or event organizing.
- B) Under the **startup co-financing programme** (100K GEL), 56 startups were funded. 179 applications are still being considered in order to choose the 2020 winners;
- C) Under the **innovations co-financing programme** (650K GEL), 4 innovative projects were funded. 2 of the winning startups are mobilizing resources to receive funding from the agency.

In order to support SMEs, growth-oriented sectors and export promotion, along with the development of key infrastructure, the following measures were implemented:

- The first Startup Co-financing Grants Programme of 2019 was finished;
- “Internet for Development Programme” trainings for raising awareness were finished;
- The innovation centers of Rukha and Akhmeta, along with the tech-park of Telavi, were opened;
- The training for the development of the electronic commerce skills of micro, small and medium-sized companies working in the hospitality sector of Georgia’s regions was finished;
- The three-month course for the mentoring of the first round of the Startup Co-financing Grants Programme was finished;
- The company to assess the applications received during the second round of the Startup Co-financing Grants Programme was chosen and contracted;
- Submission of applications for the second round of the Startup Co-financing Grants Programme was announced and closed;
- The tender for the company to assess the Innovations Co-funding Grant (600K GEL) applications was announced;
- The beneficiaries of the first round of the Startup Co-financing Grants Programme closed the first quarter of implementation; the relevant startups received the funds for the second quarter;

It should be noted that difficulties arise due to a lack of interest in regions, as well as a lack of information about the services and benefits of the agency. Therefore, Georgia’s Innovation and Technology Agency implements open-door days, info-tours and other effective measures, in order to ensure accessibility to its services, especially in the regions.

Table of output indicators

Measure	Unit	Target Indicator	2019
Number of innovative infrastructure developed; Number of created/equipped innovation centers and innovation hubs	Quantity	1	0
Number of supported enterprises/startups	Quantity	80	60
Number of training and events organized	Quantity	250	291

Table of Financial Indicators

Activities and sub-activities of programme measure	Budget code	Year 2019		
		Target indicator (thousand GEL)	Actual achievement (thousd. GEL)	Achievement (%)
2.2.1. Promotion of innovation and technology development in Georgia	24 08 02	3 500	2 822	81
2.2.1.2 Ensuring access to finances (including implementation of micro-grants)	24 08 02	500	427	85
2.2.1.3 Organizing training and events across Georgia	24 08 02	400	387	97
2.2.2 Development of Georgia's national innovative ecosystem (IBRD)	24 12	10 000	9 723	97
2.2.2.1. Creation of infrastructure for innovations; Repair, equipment and ensure their functioning of regional innovation hubs and/or innovation centers in Georgian municipalities based on the feasibility study (initially 8 pilot municipalities. At the end of the project the number has to reach 12)	24 12	2 336	430	18
2.2.2.2 Development of innovation services	24 12	1 409	792	56
2.2.2.3 Co-financing of innovations including co-financing of grant start-ups, co- financing of innovative activities of existing enterprises, support formation of different innovation funding systems	24 12	6 302	7 521	119

The financial indicators showed some lagging behind in the implementation of certain sub-activities.

The low indicators for the creation of infrastructure for innovations should be addressed by mentioning the obstacles faced, including an inability to find the proper buildings and the delay of the building process for various reasons. The regional innovation hubs and/or innovation centers in Georgian municipalities chosen based on the feasibility study (initially 8 pilot municipalities. At the end of the project the number has to reach 12) have to be repaired, equipped and ensured to be functional.

Measure 2.3 Support to strategic sectors: Tourism

The popularization of Georgia's tourism potential in target markets caused an increased interest from journalists and tourist companies. In 2019, 131 press and familiarization tours were organized, with 574 participating press representatives and 257 tour operators from various target countries. Georgia was represented in 30 international tourism fairs;

- In Tokyo, Japan, a presentation was held about Georgia as an attractive tourist destination;
- The country's presentation in Uzbekistan, presentations about the new direct flights to Tashkent;
- For the popularization and increased recognition of the country, a presentation and Georgian wine and cuisine tasting was organized in Prague, Czech Republic, on November 25;
- For the popularization and increased recognition of the country, a presentation and Georgian wine and cuisine tasting was organized in Tel-Aviv, Israel;
- For the popularization and increased recognition of the country, a presentation and Georgian wine and cuisine tasting was organized in Madrid, Spain;
- In Seoul, South Korea, the Administration organized a presentation and meetings with various large-scale Korean tourist companies.

Additionally, with the objective of stimulating domestic tourism, 7 info tours were held for Georgian media outlets and tour operators in Zemo Adjara, Guria, Shida Kartli, Kvemo Kartli, Tetrtskaro, Sairme/Abastumani and Lechkhumi.

In order to improve the quality of service, 11 trainings were conducted: "Service Skills", "Wine Guide Training", "Hotel Service Skills", "Implementing and Developing Tourism Services for Disabled People", "Basic Training Course for Adventure Tourism Guides", "How to Create a 5-Star Business System", "Tourism Marketing of GCC Countries," "The Tourism Marketing of China", on operating the global booking platform "Expedia" along with the platform "Booking", "The Principles of Teamwork". In total, 1775 people were trained.

The following measures were implemented to promote the development of tourism products:

- On April 18, 2019, The National Tourism Administration and NNLE Ecotourism Development Center signed an agreement, according to which the aforementioned center marked 3 individual and 1 network trails in the Pankisi valley;
- In the Mestia municipality of the Samegrelo-Zemo Svaneti region, the trails of the Chuberi, Nakri and Khaishi communes, as well as Mestia-Mulakhi-Adishi, were explored. Based on the research, a project and the relevant documentation were prepared, a tender was announced for the marking of the trails, but the tender couldn't be completed due to an absence of interested parties;
- Throughout the year, the administration received 72 applications from new wine tourism facilities willing to be a part of the project. The documentation was prepared, and a tender was announced; on October 2, 2019 an agreement was signed with Judicial Analysis and Expertise Center Ltd, which prepared a project for the road pointer signs for the 72 facilities across the country;

Over the reporting period, the Administration carried out target market, flight statistics and other traveler characteristics analyses, as well as increasing funding for international fairs and press/info tours based on a private sector survey, along with increasing the amount of funds utilized in the international tourism fairs and press/info tours field.

Table of output indicators

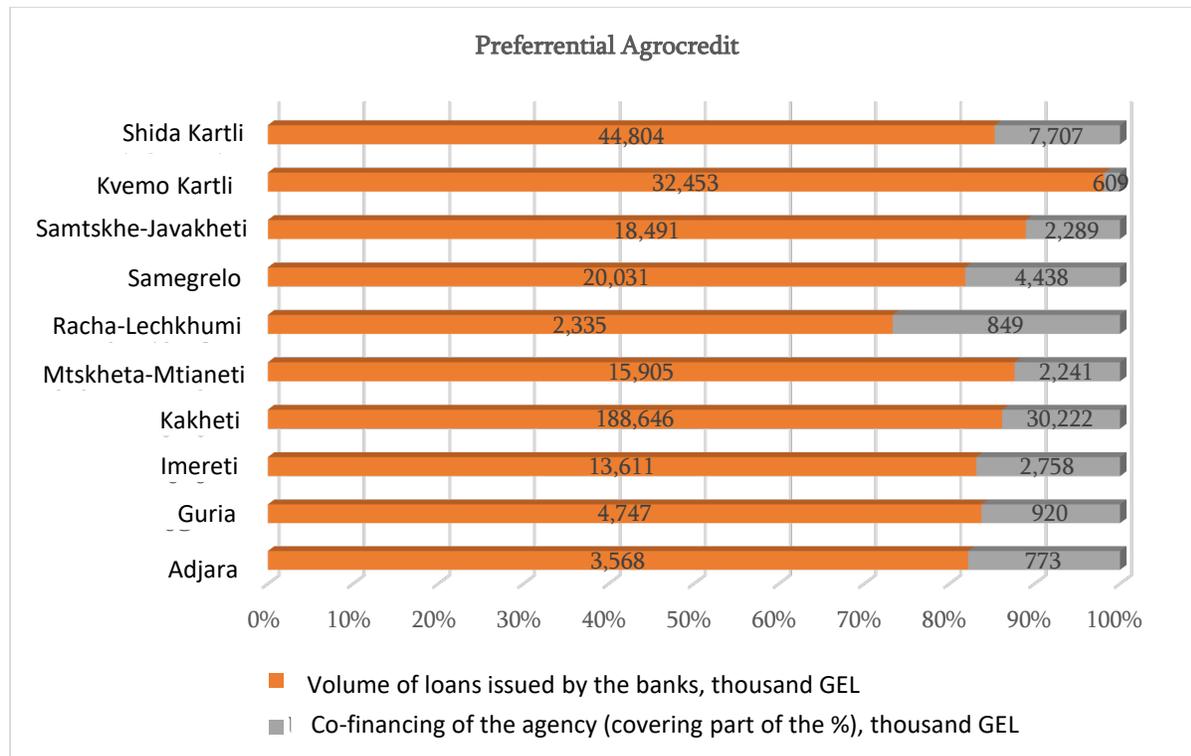
Output indicator	Unit	Year 2019	
		Target indicator	Actual
Number of retrained tourism sector workers	Quantity	1 500	1 775
Number of tourism marketing events	Quantity	214	217
Number of new tourism products	Quantity	4	4
Number of small – scale tourist infrastructure projects	Quantity	3	4

Table of Financial Indicators

Activity and sub-activity of the programme measure	Budget code	Year 2019		
		Target indicator (thousd. GEL)	Actual achievement (thousd.GEL)	Achievement (%)
2.3.1. International tourism exhibitions/fairs and press and info tours	24 05 02	5 000	7 616	152
2.3.2. Advertisement and marketing campaign/activities	24 05 02	27 000	16 394	61
2.3.3. Development of tourist products	24 05 02	300	64	21
2.3.4. Building small tourist infrastructure	24 05 02	600	605	101
2.3.5 Quality development in tourism sector	24 05 02	400	400	100
2.3.6. Project “Check in Georgia”	24 05 02	20 000	20 020	100

It should be noted that in the international tourism exhibitions/fairs and press/info tours section, target markets, flight statistics and other traveler characteristics were analyzed, as well as expenditure being increased in the international exhibitions/fairs and press/info tours field, which resulted in 152% performance.

In 2019, Georgia was visited by 9,357,964 international travelers, which is a 7.8% increase from the same period of the previous year. According to the 2019 data, revenue from foreign tourism in Georgia was 3.27 billion USD, which is a 47 million USD and 1.4% increase from the previous year's figure.

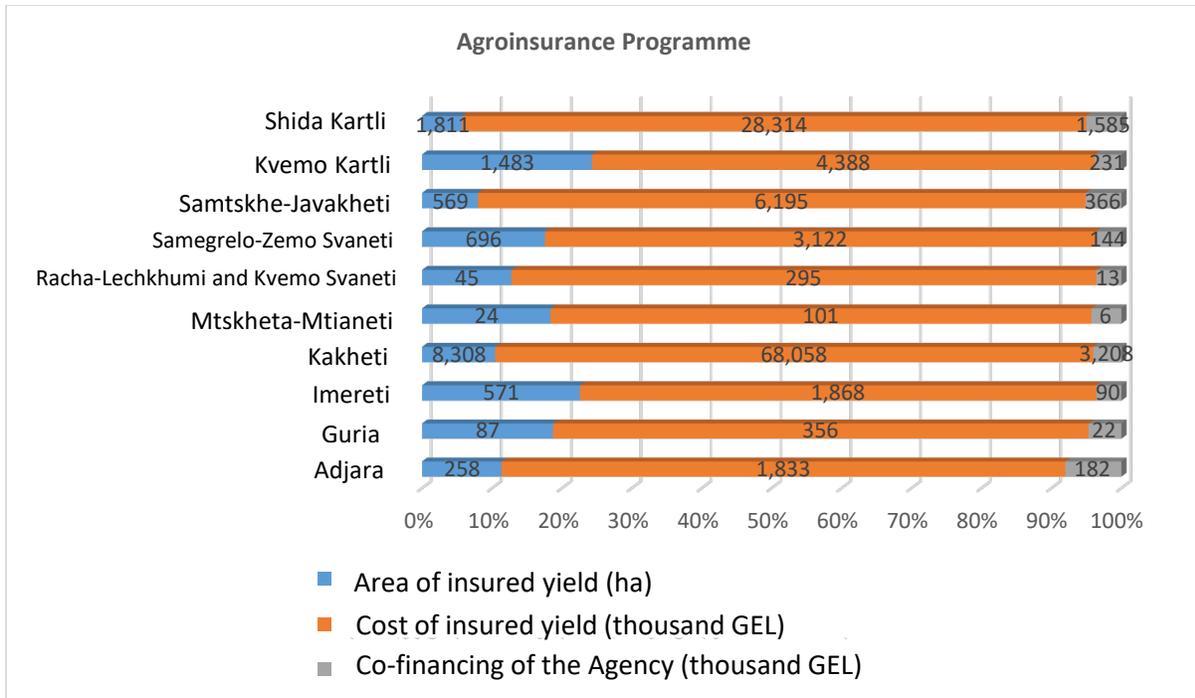


Over 2019, consultations were being conducted concerning loan opportunities and the relevant procedures. The potential, as well as existing, project beneficiaries and representatives of financial institutions received consultations. Presentations and television reports were prepared. For raising awareness and accessibility of the program, visits were organized to various regions and reports were prepared about the creation of new enterprises and the re-equipment / expansion of existing ones.

In 2019, 4 financial institutions got involved in the Preferential Agrocredit Project: Credo Bank, PASHA Bank, Isbank and BHL Leasing, further increasing farmers' opportunities for receiving cheap and accessible funds.

In 2019, about 13000 hectares of agricultural land was planned to be insured. Over the reporting period, the insured area totaled up to 13,852 hectares. A total of 16,473 crop insurance policies were given. The value of the insured crop yield is 114.5 million GEL, while the paid/yet to be paid insurance premium amount reached 5.9 million GEL.

The program budget was set to be 5.3 million GEL. Over the reporting period, the actual absorption of the budget reached 5.9 million GEL.



On June 14, 2019, the Government of Georgia approved the changes initiated under the “Storage and Processing Enterprises Co-financing Project”, which serve to regulate the existing technical matters of the project. The operating fields of the enterprises to be financed were increased (which included the creation of the opportunity to produce pellets and briquettes).

Additionally, the co-financing for the beneficiaries interested in creating enterprises was increased from 40% to 50% (with a maximum amount of 600K GEL). The co-funding for the projects being implemented in the high mountain settlements or the territories defined under the list of villages along the dividing line, and/or the projects implemented by a cooperative with an agricultural status, will increase by an additional 10%.

In 2019, the applications from beneficiaries interested in creating storage enterprises were submitted through a two-step procedure. The co-financing of 19 new storage enterprises began based on the applications received throughout the year. Additionally, the implementation of the projects for the creation of 5 storage enterprises approved in 2018 and 1 approved in 2019 began. As a result of the changes to the project, under “Technical Assistance”, storage enterprises got the opportunity to receive co-funding intended for the establishment of standards. In total, within the frame of the project, 25 processing and storage enterprises were financed in 2019.

Under “Technical Assistance”, with the objective of establishing the ISO 22000 certification, agreements about the co-funding for the establishment of standards were formed with two processing enterprises.

The data for the Agricultural Product Processing and Storage Enterprise Co-financing Project, broken down on a regional level:

Component / region	Number of beneficiaries	Co-financing (thousand GEL)	Total investment (GEL)
Processing	6	3 206	8 331 530,00
Imereti	1	600	1 084 500,00
Racha-Lechkhumi	3	1 800	5 232 830,00
Samtskhe-Javakheti	1	577	1 443 000,00
Shida Kartli	1	228	571 200,00
Storage	19	9 726	22 052 553,00
Guria	1	202	405 433,00
Kakheti	4	1 723	3 514 475,00
Samegrelo-Zemo Svaneti	1	285	569 599,00
Kvemo Kartli	1	600	1 985 165,00
Shida Kartli	12	6 916	15 577 880,00
Total	25	12 932	30 384 083,00

Throughout 2019, for the rapid development of agricultural cooperatives, the following government programmes were implemented:

1. The Support of Beekeeping Agricultural Cooperatives Government Programme;
2. The Establishment of International Standards in Cooperatives and Popularization of the Products;
3. Development of the Infrastructure of Agricultural Cooperatives.

Output data

	Unit	Target indicator	Actual
Number of beneficiaries involved in the projects in the framework of projects/programmes	Quantity	11 915	14 928
Number of supported cooperatives	Quantity	38	6

Table of Financial Indicators

Activity and sub-activity of the programme measure	Budget code	Year 2019		
		Target indicator (thousd. GEL)	Actual performance (thousd. GEL)	Performance (%)
2.4.1. Support agriculture production, creation of new enterprises in agriculture sector and expansion of existing ones through cheap and affordable finances, leasing, co-financing of interest rates, collateral of loans, agro insurance	31 05 02; 31 05 03; 31 05 06; 31 05 07;	78 500	87 229	111
2.4.2. Supporting agriculture cooperatives	31 06 (Excluding 31 06 01, 31 06 05)	7 750	259	3,3
2.4.3. Supporting wine production	31 03 (Excluding 31 03 01, 31 03 04, 31 03 03, 31 03 06)	14 300	14 125	99

It should be noted that the actual absorption of the target budget allocated for sub-activity 2.4.2 was 3.3% in 2019 - the reason for this being the reorganization process of the ministry, specifically the merging of LEPL Agricultural Cooperative Development Agency and NNLE Agricultural Project Management Agency. Due to the reorganization process, some of the actions envisioned and planned within the frame of this activity could not be carried out, resulting in such low actual performance in budget absorption.

Measure 2.5 Export Promotion

Over the reporting period of 2019, the export department of the agency “Enterprise Georgia” aimed to implement the co-financing of the participation of 150 exporter companies in international exhibitions chosen by the agency. During this year, the agency ensured the participation of 120 various Georgian companies in 16 international exhibitions. In total, 168 co-financing actions were recorded. The performance in this activity exceeds the target indicator by 18 units (12%).

“Enterprise Georgia” spent a total of 3.2 million GEL for the companies participating in international exhibitions. In order to determine the value of the products sold by the companies at the exhibitions, the agency formed a memorandum with LEPL Revenue Service in 2019, but this monitoring has yet to be followed through.

As for educational activities, “Enterprise Georgia” implemented the series of masterclasses “Develop Your Business”, the online training course “Fundamentals of Export”, and a certification course for export managers. In 2019, the agency aimed to retrain 50 export managers through the certification course. The export department of the agency delivered this course twice in Tbilisi. Through both of these courses, a total of 65 export managers were retrained throughout the year, which means that the target indicator was achieved by an excess of 30%.

Table of Financial Indicators

Activity and sub-activity of program measure	Budget code	2019		
		Target (thousand GEL)	Actual achievement (thousand GEL)	Achievement (%)
2.5.2 Organization of international exhibitions and trade missions	24 07 02	1 158	3 195	276
2.5.5. Promoting Georgian wine abroad and support of export	31 03 06 and 31 03 03	13 992	13 822	98,8
2.5.6. Providing information on export procedures in Georgia and on customs duties in foreign markets	49 00	0	0	0
2.5.7. Developing export guideline	n/a	0	0	0

Not all activities under this measure were completed in 2019, specifically export guideline wasn't developed.

Measure 2.6. Promote attraction of investments

On the territory of Georgia excluding Tbilisi loan interest co-financing agreements were signed for 59 hotel projects in 2019 under this activity. More than 140.1 million GEL was invested to support the hotel industry. More than 69.4 million Gel of commercial loan was provided by commercial banks. These beneficiaries will additionally create 1,230 new jobs.

The most amount of sum as a subsidy was given out to the hotels located in Kakheti (2.5 million GEL), Mtskheta-Mtianeti (1 million Gel) and Adjara (0.97 million Gel). In 2019, there were no hotel projects in Racha-Lechkhumi-Lower Svaneti and Kvemo Kartli regions.

In addition, during 2019, 6 investment projects (3 in Tbilisi, 3 in regions) was implemented with the support of the Investment Department of LEPL “Enterprise Georgia”. 850 jobs were created with total investment volume of the projects being 83 million GEL. 650 jobs were created as a result of the projects implemented in the regions; investment volume reached 79 million USD. In 2019, the budget of the Investment Department of “Enterprise Georgia” was 1,170,000 GEL.

Output indicators

Output indicator	Unit	2019	
		Target	Actual
Number of implemented investments within the program “Produce in Georgia – Investment”	Quantity	8	3 new investment projects

Table of Financial Indicators

Activity and sub-activity of the programme measure	Budget code	2019		
		Target (thousd. GEL)	Actual achievement (thousd. GEL)	Achievement (%)
2.6.2. Supporting entrepreneurs involved in hospitality in all regions of Georgia except Tbilisi and Batumi (technical and financial support – co-financing of franchise/management contracts and developing hotels of international brands, co-financing interest rate of loans)	24 07 02	4 300	7 198	167
Attracting FDI and supporting potential foreign investors LEPL “Enterprise Georgia”	24 07 02	1 170	1 180	101

Priority 3: Developing Human Capital

Measure 3.1 Increasing the quality of general education

LEPL Agency for Development of Educational and Scientific Infrastructure rehabilitated 35 public schools and built 3 public schools in the various regions of Georgia in 2019. 57 public schools received funding for solving various infrastructural problems. Total cost of the above-mentioned works was 25 million GEL.

It should be noted that infrastructure in general education institutions was developed according to the modern technologies, which improved the environment and had a positive impact on the learning process.

Measures implemented by regions:

- Adjara region – 4 infrastructure projects;
- Guria region – 9 infrastructure projects;
- Imereti region – 37 infrastructure projects;
- Kakheti region – 6 infrastructure projects;
- Mtskheta-Mtianeti region - infrastructure projects;
- Racha, Lechkumi and Kvemo Svaneti – 2 infrastructure projects;

- Samegrelo-Zemo Svaneti region – 19 infrastructure projects;
- Samtskhe-Javakheti region – 5 infrastructure projects;
- Shida Kartli region – 3 infrastructure projects.

Under the framework of **measure for promoting school initiatives** 30 pilot schools were selected in the mountainous regions. Each school presented 2 candidates (teachers, representatives of the administration – total of 60 people), who went through a 7-day training course on project management skills. Based on the knowledge gained through the training course, each school prepared a project and submitted it to the Ministry for funding. 28 projects were financed. 2 schools dropped out of the competition since they were unable to prepare projects that would correspond to the requirements of the Ministry. Financed projects covered various directions, among those are: promoting healthy lifestyle, bullying prevention, twinning of schools with Georgian as a language of instruction and schools with a language of instruction other than Georgian, increasing literacy, realization/development of students' creative potential, promoting environmental education, etc. Schools were given the opportunity to arrange spaces for non-formal education and to purchase technical equipment which they will be keeping in future and which will enable them to further plan and implement activities fitting their needs. A company organizing this measure - "Ltd. Academic Center of Europe" - was selected through the tender.

In the framework of **organizing non-formal learning sessions at the municipal level**, mathematics, literacy and art classes were organized from September 30 to December 20 for the students of VII-X years from 6 schools of Kazbegi municipality (there are 7 schools in the municipality, among those one school has only 2 levels – elementary and basic). Sessions were held twice a week for 2 hours. Food and transportation were provided for the participants. Transportation and working space were provided by the Office of the Municipal Mayor of Kazbegi. 51 students and 11 teachers were involved in the sessions. Sessions were organized by the organization NNLE "Georgian Institute for Debates and Education". Along with dealing with various organizational and logistic issues, they prepared respective syllabuses for each direction, selected instructors for implementing the sessions and supported the instructors throughout the whole process.

Students participating in summer schools ("English Language Summer School", "Scientific Summer Schools", "Summer School for Developing Labor Skills", "Summer Eco-School", "Georgian Language Summer School", "Art Summer School") organized under the programme "Let's Learn and Rest Together", along with active vacation, were offered/supported to develop various social and thematic skills and competencies, among those:

1. Raising awareness in the following directions: exact and natural sciences; developing skills and knowledge related to the labor; increasing knowledge of environmental protection, arts, and official language of the state; promoting healthy lifestyle;
2. In the direction of adaptation, independent work and developing social skills;
3. Support to involvement of students in the creative work and developing essential skills for this purpose.

Most of the beneficiaries of this programme are students of small schools located in the villages and small towns.

Output indicators

Output indicator	Unit	2019	
		Target	Actual
Number of rehabilitated public schools	Quantity	38	95
Number of students involved in the Summer Schools Programme	Quantity	1 300	1 250
Number of school projects in the various directions	Quantity	48	46

Table of Financial Indicators

Activity and sub-activity of the programme measure	Budget code	2019		
		Target (thousand GEL)	Actual achievement (thousand GEL)	Achievement (%)
3.1.1. Development of public school infrastructure in the regions, including providing adapted physical environment and improving the quality of educational services	32 07 02 01; 32 07 02 05	99 173	70 343	71
3.1.3. Supporting professional development of teachers;	32 02 02;	12 451	12 400	100
3.1.4. Supporting school activities	32 02 12	232 500	171 604	74
3.1.5. Providing transportation for the students of public schools	32 03 11	22 500	25 060	111

71% of resources were absorbed in the direction of developing school infrastructure in the regions, 86% of resources were absorbed in the direction of supporting professional development of the teachers. In the rest of the directions financial resources were fully absorbed.

Measure 3.2 Improving the system of vocational education

The purpose of developing infrastructure in the vocational schools is to increase territorial accessibility of vocational education and to support social-economic development of the country by providing high quality vocational education. In 2019:

- Rehabilitation works were completed in Shuakhevi for developing a new location;
- Rehabilitation works of LEPL college “Modus” were completed in the city of Rustavi;
- Construction works for establishing a new college in Kaspi municipality are at a final stage;
- Preparatory works have started in Imereti, Tskaltubo municipality in order to develop 1 new facility;

- Preparatory works have started in Kvemo Kartli, Marneuli municipality, in order to develop a new vocational education facility;
- Preparatory works have started in Samtskhe-Javakheti to develop 2 new locations (Borjomi, Akhalkalaki);
- Preparatory works have started in Samegrelo-Zemo Svaneti, in order to develop 1 new location.

Apart from developing new locations, existing vocational schools are being supported (rehabilitated/equipped) under the component of developing infrastructure of vocational institutions. In 2019, preparatory works were conducted in Mtskheta-Mtianeti region to build a dormitory for LEPL Iliia Tsinamdzghvishvili College. The dormitory will allow people of the region who live far from the village Tsinamdzghvriantkari to enroll in the college and take advantage of the dormitory.

In 2019, vocational institutions of 5 regions (Adjara, Kakheti, Kvemo Kartli, Mtskheta-Mtianeti and Racha, Lechkhumi and Kvemo Svaneti) were provided with equipment. Total of 981 thousand GEL was allocated for this purpose.

In 2019, different types of rehabilitation works were conducted in 5 vocational institutions of Samegrelo-Zemo Svaneti, Adjara, Kvemo Kartli and Mtskheta-Mtianeti regions, among those, rehabilitation works were fully completed in college “Modus” in Rustavi. 12,966,932.00 GEL was spent for full and partial rehabilitation of the existing vocational institutions, as well as developing new locations.

In 2019, under the programme for development of vocational teachers and directors of vocational institutions of LEPL National Center for Professional Development of Teachers, training courses in 5 main directions were planned and conducted for teachers of public vocational institutions:

- ✓ Pedagogic course for vocational teachers;
- ✓ Individual consulting on issues of competence-based assessment;
- ✓ Issues of modular learning for beginner teachers;
- ✓ Developing entrepreneurial competencies;
- ✓ Trainings in enterprises.

Pedagogic course for vocational teachers covers 5 consecutive training-modules and unifies all main topics of vocational pedagogy: defining individual needs of the students and principles of adult education, setting up learning environment, assessment, communication, motivation, professional development, research of pedagogic practice, etc.

Module I of pedagogic course – “Individual characteristics of students in the vocational education” (20 hrs) was conducted at 7 vocational institutions (9 groups were organized). 180 teachers were trained.

Module II of pedagogic course – “Positive learning environment in vocational education” (10 hrs) was conducted at 8 vocational institutions (10 groups). 180 teachers were trained.

Module III of pedagogic course – “Planning the learning process and effective strategies of teaching” was conducted at 20 vocational institutions (38 groups) and 698 teachers were trained.

Module IV of pedagogic course – “Competence-based assessment in modular vocational programmes” – was conducted at 20 vocational institutions (42 groups). 736 teachers were trained.

Module V of pedagogic course – “Professional development of vocational teachers” (14 hrs) – was conducted at 10 vocational institutions (16 groups). 272 teachers were trained.

In 2019, under the programme for development of vocational teachers and directors of vocational institutions of LEPL National Center for Professional Development of Teachers, training-modules were conducted for teachers of public vocational institutions, also, trainings were conducted for developing entrepreneurial competencies of teachers and directors, trainings were conducted in enterprises, in modern technologies, in direction of developing sectorial competencies of vocational teachers; for beginner teachers – trainings were conducted in modular learning issues.

By regions, representatives of Adjara AR vocational institutions were the most involved in the training sessions held in 2019 – total of 762 teachers were participating from this region (total cost – 31 thousand GEL); there was a high number of involved teachers from Mtskheta-Mtianeti – 108 (total cost – 10 thousand GEL). Numbers from other regions are as follows: Guria – 185 (total cost – 8.6 thousand GEL), Imereti – 148 (total cost 7.6 thousand GEL), Samegrelo-Zemo Svaneti – 109 (total cost – 4.2 thousand GEL), Samtskhe-Javakheti – 84 (total cost 2.2 thousand GEL), Shida Kartli – 62 (total cost 3.8 thousand GEL), Kakheti – 57 (total cost 6.4 thousand GEL), Racha, Lechkhumi and Kvemo Svaneti – 39 participants (total cost – 2.7 thousand GEL).

In 2019, “Developing Professional Skills in Schoolchildren Sub-Programme” was implemented once again. It envisaged implementing activities focused on developing professional skills in two directions: (1) orientation courses for developing professional skills – students of VIII and IX years from public general education institutions were involved and (2) certification courses for developing professional skills – students of X-XII years from public general education institutions were involved. In the process of teaching the courses developed by cooperation between general and vocational educational institutions, general education teachers are involved along with vocational teachers, to help them better understand individual characteristics of the students. The programme envisages organizing the material and technical databases and setting up “Small Professional Labs”. In the framework of the course, students will be given the opportunity for 2-3 months to obtain detailed information on the profession they are interested in and even try to perform the tasks linked to that profession. In 2019, 7 000 students from 500 public schools of 10 regions (Kvemo Kartli, Shida Kartli, Imereti, Kakheti, Samegrelo-Zemo Svaneti, Racha, Lechkhumi and Kvemo Svaneti, Guria, Adjara, Samtskhe-Javakheti, Mtskheta-Mtianeti) were involved in the programme. 2 806 485 GEL was allocated for this purpose (excluding Tbilisi).

In 2019, reform of educational programmes was extended in order to improve quality of education and increase compatibility to the labor market.

In the framework of the reform, in 2019 all vocational institutions switched from subject-programmes to modular programmes. As of 2019, 100% of programmes implemented in the system are modular (116 modular programmes are implemented – a unique result). Along with implementing modular education programmes, quality of teaching and assessment processes was being improved and capacities of teachers was being developed.

Since 2016, vocational institutions started implementing the programmes with on-the-job teaching approach (so-called “dual programmes”). This approach envisages direct participation of the employer in the process of programme implementation. Consequently, 50% or more of the learning process takes

place in the real working environment – in enterprises. As of 2019, 30 dual programmes are implemented in the system in the direction of agriculture, tourism, construction, transport, logistics, and IT.

“A programme to support to implementation of modular/dual educational programmes” sub-programme was extended in 2019 to support educational institutions in the process of implementing modular and dual programmes. Large-scale consulting and implementation support measures were implemented under the sub-programme. 151,800 GEL was absorbed through the aforementioned activities of the sub-programme.

Output indicators

Output indicators	Unit	2019	
		Target	Actual
New vocational institutions or new branches of the existing vocational institutions	Quantity	Starting at least 2 new locations	1 new location (Kaspi) is at a completion stage, preparatory works have started in order to develop 5 new locations (Imereti, Kv. Kartli, Samtskhe-Javakheti, Samegrelo-Zemo Svaneti)
People involved in the programme for developing labor/professional skills	Quantity	More than 3600	8746
Vocational teachers involved in professional development activities	Quantity	1500	3492
Graduates of on-the-job (dual) vocational programmes	Quantity	60	66
Dual/modular programmes implemented in the system	Quantity	No data	116 modular (30 of dual approach)

Table of Financial Indicators

Activity and sub-activity of the programme measure	Budget Code	2019		
		Target (thousd.GEL)	Actual (thousd.GEL)	Achievement (%)
3.2.1 Developing infrastructure of existing vocational institutions, and/or establishing new vocational institutions	32 07 02 02	18 000	13 947	77
3.2.2. Professional development of vocational teachers	32 02 02 part	210	208	99
3.2.3 Implementing modular and on-the-job programmes that develop entrepreneurial skills based on qualifications developed according to the demands of the labor market	32 03 01; part	152	145	95
3.2.4. Developing qualifications according to the labor market demands (GIZ)		3 288	0	0
3.2.5. Implementing the programme for developing professional skills in public schools	part 32 03 01	3 371	3 327	99

Measure 3.3 Increasing the quality of higher education system and increasing accessibility to higher education

10 scholarship programmes were implemented in 2019. Also, under the Support to Universities Programme, “Doctorate Lab” training programme was adopted and (partly) implemented for future PhD candidates.

Total of 170 scholarships were issued (obtained by 162 winning applicants) – part of it was financed by the center, part of it co-financed under the partnership programmes of the center and partner organizations. Also, full scholarships were provided under the Hungarian Government programme – Stipendium Hungaricum.

Output indicators

Output indicator	Unit	2019	
		Target	Actual
Number of international studies (assessments) conducted	Quantity	1	1
Number of scholarships issued for successful students	Quantity	2580	0
Number of programmes and projects supporting higher education	Quantity	7	1
Conclusions on institutional assessment of authorized higher education facilities	Quantity	14	17

Physical indicators linked with higher education institutions were 100% achieved. It is worth to mention that state scholarships in higher education institutions were obtained by students residing in the high-mountain regions.

Table of Financial Indicators

Activity and sub-activity of the programme measure	Budget code	2019		
		Target indicator (thousand GEL)	Actual (thousand GEL)	Achievement (%)
3.3.1. State study, master’s grants and promoting youth; improving and managing quality of higher education	32 04 02; 32 01 03; 32 04 04	5 952	5 851	98
3.3.2. Supporting higher education	32 04 03, 32 04 05	323 120	271 420	84

Master’s state study grants and absorption of funds with regards to promoting youth reached 98%, with regards to supporting higher education – 84%.

Measure 3.4 Support to research sector

In the reporting period, LEPL Shota Rustaveli National Science Foundation of Georgia administered 19 grant calls, out of which 8 were new (pilot) grant calls. Winners of 16 calls were financed, 3 calls are still ongoing, and grants will be issued in 2020. Among those is “Grant Programme for Applied Research” financed under the project GENIE which is funded by a World Bank loan (loan N8595-GE).

Information regarding the Annex 2 indicators:

Under the calls organized in 2019, 379 projects were selected and received funding in the form of a grant. Target was 159.

Target for 2020 defines number of projects that will be financed through the ongoing call, on the basis of programme budget of 32 million GEL and World Bank loan N8595-GE / GENIE project. If the budget will be increased (to 33.8 million GEL), this indicator will increase too. Also, 7 nominative scholarship grants and 9 student-inventor prizes have been awarded.

2) winners of previous years and indicators of 429 (multi-year) projects that received financial support during 2019. Thus, total of 808 projects received financial support in 2019.

Output indicators

Output indicator	Unit	2019	
		Target	Actual
Number of research state grants awarded	Quantity	175	379

Scientific study grants were distributed among the higher education institutions of the regions in the following way:

No	Region	Number of projects	Grant (GEL)	Base organization for project implementation
1	Adjara	6	530 113,00	Batumi Shota Rustaveli State University Mindia Abashidze public school N1 of village Tkhlarni in Khelvachauri municipality Batumi public school N2
2	Imereti	2	207 300,00	Akaki Tsereteli State University N. Berdzenishvili Kutaisi State History Museum
3	Kakheti	2	21 660,00	Telavi public school N2 Public school of village Didi Chailuri in Sagarejo municipality
4	Shida Kartli	2	67 800,00	Gori State Teaching University Gori public school N12
	Total	12	826 873,00	

By the Decree N475 of September 30 2019 of the Government of Georgia, a structural unit of LEPL Ilia State University - Evgeni Kharadze Astrophysical Observatory of Georgia was established as a Legal Entity of Public Law. Budget – 1,650,000.

Measure 3.5 Increasing accessibility of labor market

On March 28, 2019, Ministry of Regional Development and Infrastructure of Georgia called a working meeting to define topics for future labor market research. Working meeting was attended by representatives of state structures, social partners, business associations, civil society, various research and international organizations. Research projects were presented during the working meeting, one of which was a project to study the needs for skills in the construction sector.

Consequently, “Study of labor needs in the construction industry” was planned to be conducted in 2019, implementation of which was completed in December of the same year. Findings of the study were made public for the wider audience.

Focus group meeting was held at the beginning of the planning process, where representatives of construction sector, sectorial educational institutions and associations were invited to attend. Study of employment policy of enterprises which was planned during the annual working meeting was also conducted in 2019.

“Researching the need for skills in enterprises” study started in November 2019, field works were completed in December 2019. Processing, adjustment and analysis of data will be completed in 2020.

“State employment portal was created and labor market management information system worknet.gov.ge is functional” – this indicator was taken out from the monitoring plan and assessment was not conducted on the basis of recommendation of the implementing body, Ministry of Economy and Sustainable Development of Georgia.

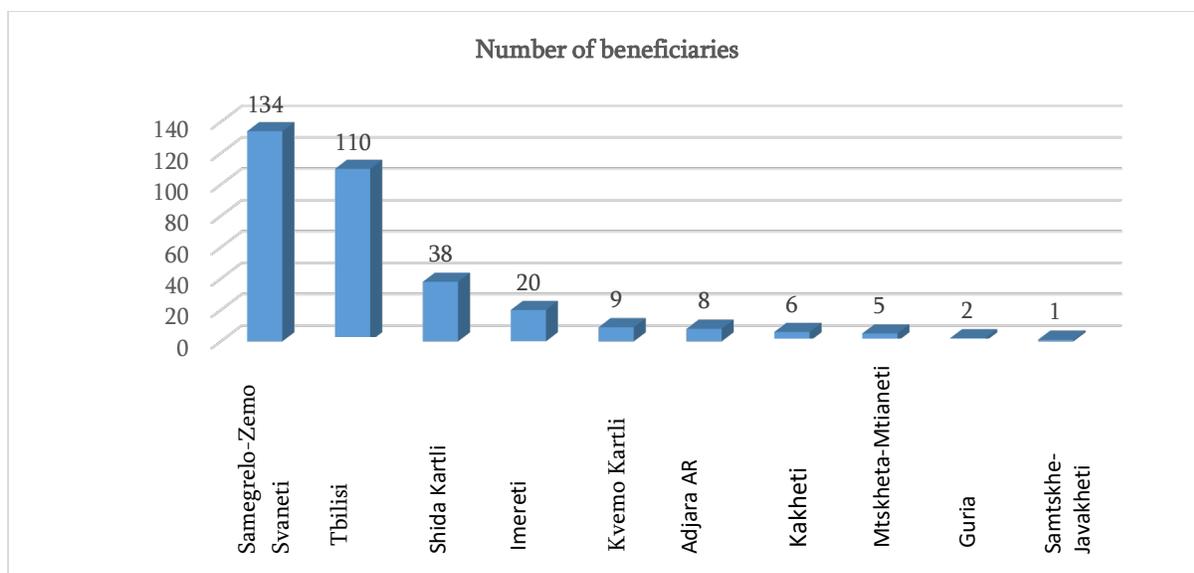
Table of Financial Indicators

Activity and sub-activity of the programme measure	Budget code	2019		
		Target (thousand GEL)	Actual (thousand GEL)	Achievement (%)
3.5.1. Labor market analysis, developing labor market information system	24 01 05	365 681	357 145	98

Measure 3.6 Promoting integration of vulnerable groups

In 2019, internally displaced persons, refugees were provided with long-term housing. Residential spaces were purchased in newly built blocks of flats for people living in the regions: city of Batumi – 164 flats, city of Mtskheta – 120 flats, city of Khashuri – 13 flats, city of Anaklia – 14 flats, city of Marneuli – 29 flats. Total of 340 refugee families were provided with long-term housing. 678 private houses/flats were purchased in the regions.

Support to self-employment of refugees programme was implemented in 2019. 272 refugees participated in the programme (81% of the target).



Output indicators

Output indicator	Unit	2019	
		Target	Actual
Residential space constructed or purchased for IDPs	Quantity	500	1.390
Number of refugees who participated in the programmes supporting self-employment of refugees	Quantity	337	272
Number of representatives of other vulnerable groups (youth not in education, persons with SEN and disabilities), involved in vocational education, training courses or activities for developing new skills	Quantity	0	0
Providing long-term accommodation for eco-migrants	Quantity	140	158

Table of Financial Indicators

Activity and sub-activity of the programme measure	Budget code	2019		
		Target (thous. GEL)	Actual (thous. GEL)	Achievement (%)
3.6.1. Improving social conditions for refugees	27 06 03	64 032.3	63 841.9	100
3.6.2. Providing subsistence means for refugees	27 01 07 (27 01 08 from December)	680	332	48.8
3.6.3. State support measures in youth sector	32 08	7 357	4 909	67
3.6.4. Training national minorities through the professional and state language programmes	32 03 03	24 321	2 321	9.5
3.6.6. Social-economic reintegration of returned migrants	27 06 01	650	650	100

Resources were not fully absorbed in activities 3.6.3 and 3.6.4.

In 2019, funds were fully absorbed in the programme providing refugees with long-term accommodation, one-time financial aid and temporary accommodation, in the programme for social-economic integration of the returned migrants and in the programme providing support in other economic activities.

Measure 3.7 Social inclusion

One of the components under the social inclusion is providing social aid to the target groups. Under this component, targeted aid is provided to various vulnerable groups every year. From 2019, families having the status of “large families/families with many children” (with 4 and more children under 18), with social score less than 300 000, will receive monthly allowance of 20 GEL for electricity, plus additional 10 GEL for each subsequent child.

Output indicators

Output indicator	Unit	2019	
		Target	Actual
Social aid provided for the target groups	Thousand GEL	741 307	742 286

Table of Financial Indicators

Activity and sub-activity of the programme measure	Budget code	2019		
		Target (thousand GEL)	Actual (thousand GEL)	Achievement (%)
3.7.1. Social aid for target groups	27 02 02	741 307	741 286	100
3.7.2. Social rehabilitation and childcare assistance	27 02 03	31 860	31 793	100
3.7.3 Supporting special facilities for children with SEN	32 06 02	3 037	3 016	99
3.7.4 Support for inclusive education	32 06 (excluding 32 06 02)	16 121	16 072	100

Priority 4: Promoting local development and supporting specific territories based on their endogenous development

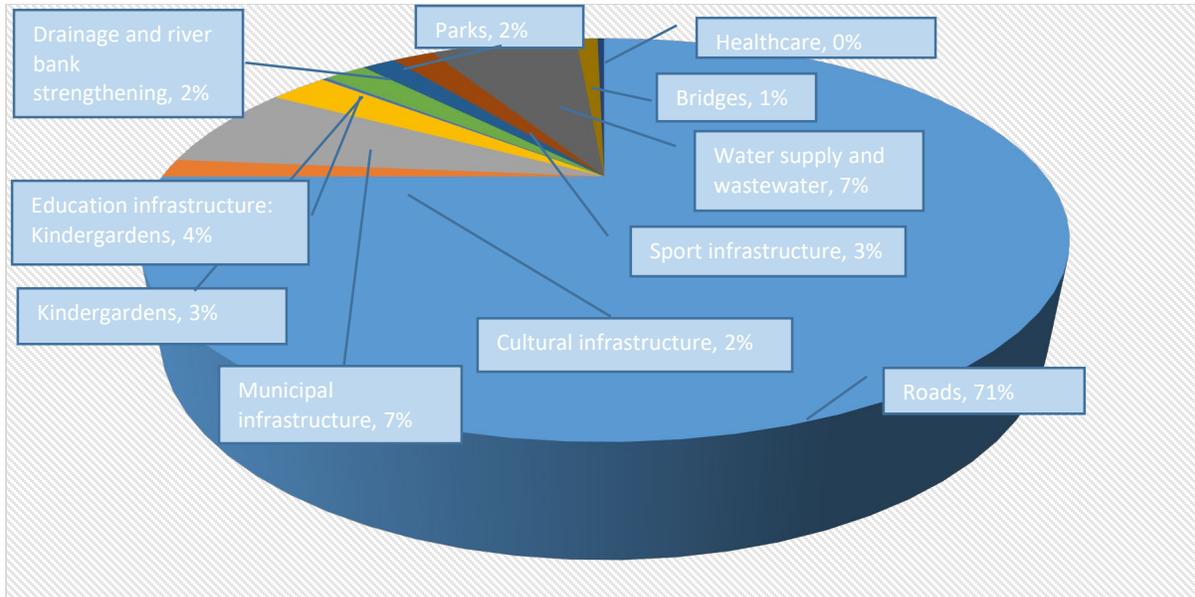
Measure 4.1 Support to implementation of regional development strategy: development of small scale technical and social infrastructure

In accordance with the Decree #2576 of December 31, 2018 of the Government of Georgia, 215 million GEL was allocated for implementing local self-governance and regional projects. The sum was distributed among municipalities according to the limits specified in the Decree N23 of February 7, 2013 of the Government of Georgia.

Projects were submitted to the Ministry and discussed during the meetings of the Government Commission for Regional Development of Georgia. Projects were prepared and approved for financing by the Decree N2577 of January 18, 2018 of the Government of Georgia “On allocation of funds for local self-governing units from the Fund of Projects to be Implemented in the Regions of Georgia”

270 million GEL was allocated for financing implementation of regional projects, out of which 268.6 million GEL was absorbed.

Following directions were covered by the infrastructural projects funded from the Fund of Projects to be Implemented in the Regions of Georgia in 2019:



Funds allocated from the Fund of Projects to be Implemented in the Regions of Georgia and number of financed projects, by regions:

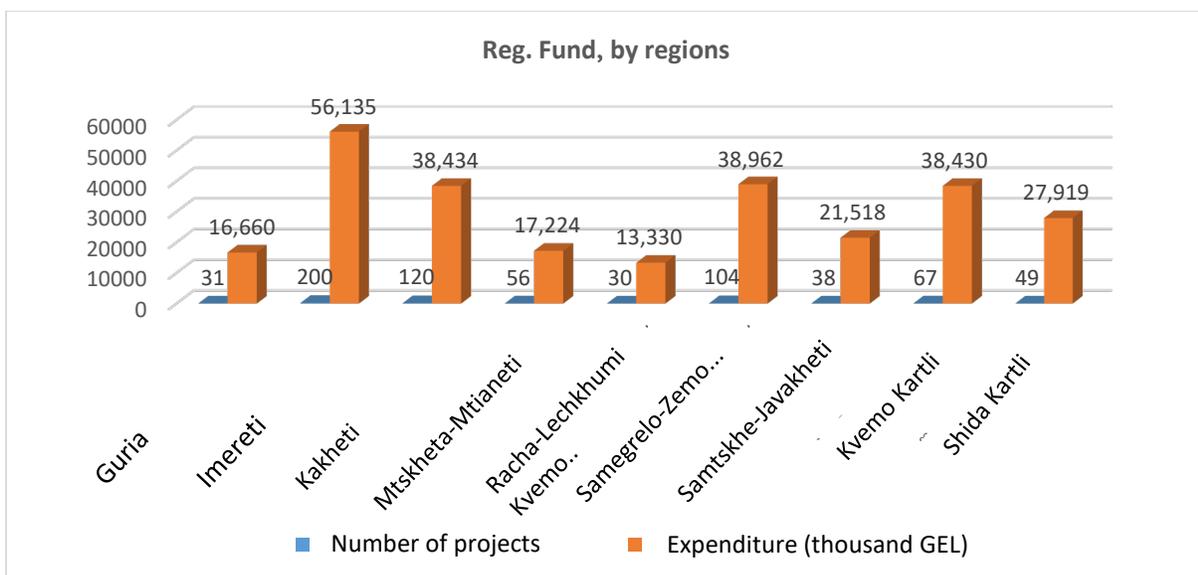


Table of Financial Indicators

Activity and sub-activity of the programme measure	Budget code	2019		
		Target (thousand GEL)	Actual (thousand GEL)	Achievement (%)
4.1.1.1 Projects to be funded under the Fund of Projects to be Implemented in the Regions of Georgia	56 08	270 000	268 616	99.5
4.1.1.2 Construction and maintenance of stadiums and sports complexes	25 03 07	10 817	10 817	100
4.1.1.3 Developing water supply and wastewater systems	25 04 01; 25 04 02	41 814	41 814	100
4.1.1.4 Construction and rehabilitation of roads	25 03 01; 25 03 04; 25 03 05; 25 03 06; 25 03 07	29 250	29 250	100

Measure 4.2: Rural development

Reporting is not performed under the Regional Development Programme.

Measure 4.3 Measure for reimbursement of costs of natural gas supplied to high-mountain settlements of Dusheti municipality and Kazbegi municipality

In accordance with the Decree N335 of November 3, 2020 of the Government of Georgia “On measures for ensuring uninterrupted supply of natural gas for the population of Kazbegi municipality and -mountain villages of Dusheti municipality”, since 2010, because of the poor social conditions, costs of natural gas supplied to the permanent residents of Kazbegi municipality and high-mountain villages of Dusheti municipality (5,700 consumers) in January-May and October-December are being reimbursed from the funds allocated for the responsible ministry in line with the Law of Georgia on State Budget of the relevant year. The programme envisaged reimbursing the costs of natural gas to 5,700 customers in 2019, 8 million GEL was allocated for this purpose. Target has been fully reached – cost of 14,327,562m³ natural gas consumed by 6,000 customers has been financed from the budget with 8,156 million GEL.

It shall be noted that in January-May and October-December social-economic environment has been improved for permanent residents (6,000 customers) of high-mountain villages of Kazbegi and Dusheti municipalities. The programme is planned to be implemented over the next years as well.

Table of Financial Indicators

Activity and sub-activity of the programme measure	Budget code	2019		
		Target (thousand GEL)	Actual (thousand GEL)	Achievement(%)
4.3.4. Measure for reimbursing the costs of natural gas supplied to the population of high-mountain settlements of Kazbegi and Dusheti municipalities	24 11	8 000	8 157	102

Priority 5. Increasing quality and effectiveness of regional development institutions, preparing regional development programme for the pilot regions

In 2019, Pilot Integrated Regional Development Programme 2020-2022 (hereinafter PIRDP) has been developed. PIRDP will be implemented in 4 pilot regions: Imereti, Kakheti, Guria and Racha, Lechkhumi and Kvemo Svaneti. Above-mentioned regions were selected according to a needs and potential analysis based on various indicators: population, VAT, infrastructure, etc. PIRDP is concentrated on responding to the specific needs and exploiting the potential of 4 pilot regions. PIRDP aims to create a favorable environment in pilot regions and bring balanced and sustainable social-economic development through the integrated territorial development initiatives. To reach this aim, integrated investments will be made in the various sectors and territories in the following priority directions:

- 1. Urban renewal – integrated actions in urban areas**
- 2. Promoting tourism development with its' unique potential**
- 3. Improvement of competitiveness and support to innovations of SMEs**
- 4. Integrated Local Development**
- 5. Technical support and capacity building of central and local administration**

PIRDP is also directed towards strengthening cooperation among central and local authorities and developing mechanisms for multilevel governance, integrated approach in programming, effective coordination and financing.

The programme has been adopted by the Government of Georgia on December 20, 2019.

In parallel, at the end of 2019 works have started to prepare a draft decree on adoption of rules defining criteria and procedures for project selection under PIRDP, to ensure that projects selected for financing contribute to reaching the objectives of PIRDP and effectively absorb the funds allocated for the programme. The decree is planned to be adopted by the end of March 2020. Once the decree is adopted, call for proposals will be announced to finance and effectively implement the projects with 5 million GEL allocated for 2020.

Part II: analysis of the achieved results

Tables below show the dynamics of results of the measures implemented in the regions in 2019, in comparison with 2018. It is worth mentioning that the dynamics of results of measures implemented in the regions will be reflected on the quality of life of the population and attitude of investors, which will either support or hinder job-creation, increasing the income of local population and development of the regions.

Outcome indicator	Unit	Baseline 2017	Target 2019	Actual 2018	Target 2019	Actual 2019
Number of reduced road accidents	Number of road accidents	1 278	1 100	1 028	1000	952

Passenger safety increased due to the improved road infrastructure, which was reflected in consistent decline in number of road accidents. The tendency was same in 2019. Number of road accidents reached 950, which is less than that of 2019.

	Unit	Baseline (2017)	Target	Actual	Target	Actual
			2018	2018	2019	2019
Number of potential customers who were given the opportunity to be supplied with natural gas	Quantity	260 800	15 542	15 542	14 894	10 199
Average power generated annually by the new/rehabilitated hydro-electric power station	Mwh	8 708	23 590	44 649	117	57

Number of consumers was increased thanks to the improved gas-supply, but it did not exceed the rate of the previous year and was less than the target. Electricity supply was improved by power generated in the rehabilitated power stations. This indicator has been increased compared to the previous year, but still could not reach the target. Regardless, this tendency can be considered positive.

Outcome indicator	Unit	Baseline (2017)	2018		2019	
			Target	Actual	Target	Actual
Share of population with uninterrupted supply of drinking water	%	N/A		40		48

There is a positive tendency in outcomes of measures directed towards improving water-related infrastructure in the regions of Georgia. Share of population with uninterrupted supply of drinking water has increased to 48%

Output indicators

Outcome indicator	Unit	Baseline (2017) (thousand GEL)	2018		2019	
			Target (thousand GEL)	Actual (thousand GEL)	Target (thousand GEL)	Actual (thousand GEL)
Increased income of museums and museum-nature reserves	Billion USD	10 230		20 332		24 037

In 2019, income of museums and museum-nature reserves (4 million GEL) was less than in 2018 (10 million GEL).

Outcome indicator	Unit	Baseline (2017)	2018		2019	
			Target	Actual	Target	Actual
Foreign currency received from tourism	Billion USD	2.8	3.1	3.2	3.4	3.3
Visits of international tourists	Quantity	7 902 509	8 236 040	8 679 544	8 583 648	9 357 964

In 2019, number of tourists has increased relative to the previous year, flow of foreign currency from tourism sector reached 3.3 billion USD, which is a number similar to that of 2018.

Outcome indicator	Unit	Baseline (2017)	2018		2019	
			Target	Actual	Target	Actual
Magnitude of loans for agriculture issued by commercial banks	GEL	310 347,00		282 379,00		357 026,00

Commercial banks financed relatively less agricultural projects in 2018, but this tendency changed in 2019, when the actual numbers exceeded the baseline. This proves the success of the programmes in the regions.

Outcome indicator	Unit	Baseline (2017)	2018		2019	
			Target	Actual	Target	Actual
Volume of exported goods and services	Million USD		300	307	310	354

As a result of measures implemented in 2019, volume of exports has increased and exceeded the target and the actual achievement of 2018. The data reflects increase in exports of nuts, wine, non-ferrous metals obtained or produced in Georgia, and other goods. This positive tendency can be considered as a precondition for development of the relevant regions (Imereti, Kvemo Kartli, Samegrelo-Zemo Svaneti, Kakheti).

Outcome indicator	Unit	Baseline (2017)	2018		2019	
			Target	Actual	Target	Actual
Number of jobs created through the investment projects	Quantity	300	700	700	700	650
Volume of investments attracted through the programme	Million GEL	180	120	103	160	79

Tendency of decline in volume of investments attracted under the programme continued in 2019. Volume of investments was not only two times lower than the target, but also less than the same number for 2018. Decline in attracted investments was reflected on number of jobs created, which was less than the target in 2019.

Outcome indicator	Unit	Baseline (2017)	2018		2019	
			Target	Actual	Target	Actual
Increasing rate of number of people involved in vocational education;	Quantity	11 541	n/a	7 616		7 699
Employment index of the people who received vocational education (self-employment index)	Self-employment index	56.2% (including 8% self-employed)	n/a	60% (including 11% self-employed)		62% (including 11% self-employed)

Outcome indicator	Unit	Baseline (2017)	2018		2019	
			Target	Actual	Target	Actual
Number of SMEs and other economic entities/initiatives that benefit from new and rehabilitated infrastructure	Quantity	n/a	807	633		695

In 2019, 269 million GEL was absorbed from the Fund of Projects to be Implemented in the Regions of Georgia, which is exceeding absorption in 2018 both in absolute and relative terms. Absorption rate was 72% in 2018 and 92% in 2019. Number of projects implemented in 2019 exceeded that of the previous year by 62.

Part III: Recommendations on implementation of measures

Varied instructions and annexes of “Rules and standards for construction” legally valid in **road infrastructure** field in Georgia are outdated and need to be renewed. Directly copying and using normative technical bases of developed countries is not advised.

In future, old and new standards need to be harmonized to allow approximation to internationally recognized legal standards. This requirement is also stipulated by the donor organizations.

In the direction of developing **airport infrastructure**, seeking additional funds is advised in order to complete projects.

In order to improve implementation of measures for developing **other strategic transport infrastructure** (excluding roads), namely Tbilisi and Kutaisi Logistics Centers, revising concept of modern logistic centers and accordingly renewing investor-seeking process is advised.

In the direction of **broadband infrastructure development**, more beneficiaries need to be attracted for successful implementation of the programme of remuneration of costs of connecting socially vulnerable families living in the high-mountain regions to the internet. This can be achieved by spreading the information on the programme through state structures and local self-governments.

Introducing technological directions in the education system and ensuring active participation of local municipalities in this issue is advised in order to improve measures promoting **innovation and technology development**. Promoting and supporting youth in technology is essential for innovational startups and generating valuable ideas.

Locally spreading the information and raising public awareness through innovation centers and hubs is necessary for effective implementation of measures for **improving access to finances (including implementation of Micro-Grants Programme)**. In order to allow automatic exchange of information and data retrieving/processing, services for data collection and processing at various state bodies (e.g. Revenue Service) are necessary.

Circle of qualified trainers needs to be expanded for increasing effectiveness of educational measures on export **to support SMEs and growth-oriented sectors of economy** – this would make it possible to simultaneously conduct several certification courses in the regions.

Promoting investment projects at LEPL “Enterprise Georgia” and developing relevant infrastructure in the regions is necessary for effective implementation of measures **for FDI promotion and support to potential foreign investors**. This envisages rehabilitation of roads, ensuring accessibility to utilities (gas, electricity, water) for potential enterprise locations, in case of enterprises providing services, access to broadband and office spaces is crucial. Lack of such infrastructure is creating a significant barrier for investment attraction in the regions.

With regards to **water supply and wastewater projects**, deadlines could not be met because of several problematic factors solving of which will ensure effective implementation. Contractors often find issues in the existing design, which requires some response to ensure smooth operation of the system. Ensuring proper planning is also important, since the need for additional works is created because of planning issues. As a consequence, instead of projected works, measures for solving issues in the existing planning are being implemented. Additionally, any modification to the project needs to be agreed at various levels, which is creating a barrier and influences duration of works.

Non-hazardous waste landfill monitoring procedures shall be developed, and monitoring lab shall be created in accordance with the law for proper functioning of **solid waste management system**. This will contribute to building the capacity (laboratory equipment), achievement of priorities envisaged by LTD Solid Waste Management Company strategy and meeting the requirements of Georgian law and the Association Agreement between the EU and Georgia in the waste management sector – specifically operating and implementing a post-closure monitoring of 54 landfills in accordance with international standards.

To improve support provided to strategic sub-sectors in **agriculture**, specifically the programme for developing winery, national cadaster of Georgian vineyards established according to the EU standards is recommended to be involved in vintage. Furthermore, programmes to support viticulture and winery are advised to be elaborated to support less-known winery areas in Kakheti and Racha, Lechkhumi and Kvemo Svaneti.

From 2020, in order to **diversify export markets**, more active measures shall be taken towards strategic markets of USA, Japan, China, Poland and UK. Analysis of international trade regimes of these partners shall continue to reduce barriers on export markets and introduce new preferential regimes. Marketing measures will be activated with Germany and Baltic countries. Perfecting wine quality control mechanisms and harmonizing with EU regulations. In order for Georgian wine to establish its position in the segment of world premium wines on the market, wine quality control mechanisms are being perfected and harmonized with EU regulation.

In terms of **export promotion**, results of each exhibition shall be assessed in depth in order to exploit financial and human resources in a more effective manner. Results of the participating companies shall be analyzed in detail in terms of its export activities.

Elaboration of a monitoring system is advised for supporting **research sector** and improving management, implementation and programming of relevant measures.

In the direction of **supporting integration of vulnerable groups**, it is important that the target groups continue to receive social assistance in a timely manner under various components of social support. Furthermore, the process of improving administration and introducing new mechanisms directed towards the needs of the population shall continue.

In the direction of **increasing the quality of general education** and promoting school activities contributing to this purpose, representatives of schools should be provided with more assistance in order to envisage capacities of all schools and prepare cost-effective projects. Furthermore, while financing the projects, it is advised to allocate some funds for arranging relevant environment at schools for conducting non-formal activities. While planning non-formal education sessions, it is important to consider climate conditions at the municipal level and readiness of municipal authorities.

It is advised to maintain and increase the volume of funding for “State Programme for Social Rehabilitation and **Child Care**”.

Additionally, in order to ensure the **development of high-mountain regions** and the achievement of outcomes, it is important to continue providing assistance in a timely manner and keep working on improving coordination and administration.