



# 2020 MONITORING REPORT ON IMPLEMENTATION OF 2020-2022 PILOT INTEGRATED REGIONAL DEVELOPMENT PROGRAMME

Ministry of Regional Development and Infrastructure of Georgia  
Regional Development Division

## TABLE OF CONTENTS

<b>Introduction .....</b>	<b>2</b>
<b>Call for proposals announced in 2020 within the framework of the Pilot Integrated Regional Development Programme .....</b>	<b>2</b>
<b>The process of development and selection of project proposals .....</b>	<b>4</b>
The process of submission and evaluation of project proposals.....	4
The process of project implementation within the program .....	7
Kakheti .....	7
Imereti.....	9
Guria.....	13
Racha-Lechkhumi and Kvemo Svaneti .....	15
<b>Shortcomings and recommendations identified during the implementation of the programme in 2020 .....</b>	<b>16</b>

## Introduction

The Integrated Development Program for the Pilot Regions for 2020-2022 (hereinafter referred to as the Program) was approved by the Government of Georgia on December 20, 2019 by Resolution №628. The programme envisages implementation of integrated regional development measures in four regions of Georgia - Kakheti, Imereti, Guria and Racha-Lechkhumi-Kvemo Svaneti, with a total cost of 63.75 million Euros over 3 years and aims to increase competitiveness in these regions and reduce socio-economic and infrastructural disparities compared to Tbilisi and Batumi.

The main goal of the Programme is to create a favourable environment in the pilot regions for a balanced sustainable socio-economic development through integrated territorial development initiatives.

The Programme has a clear pilot and demonstrating role, enabling Georgia to pursue a regional policy in line with EU standards. Local government, civil society, the private sector and other stakeholders are involved in the implementation of the programme.

The programme is elaborated in cooperation with the European Union. In accordance with the financial agreement signed in September 2020 between the European Union and the Government of Georgia, EU will allocate 54 million Euros for the implementation of the programme to support the regional development policy in Georgia in line with the modern EU best practices.

The main strategic goal of the 2020-2022 Pilot Integrated Regional Development Programme will be achieved through closely interrelated measures which respond to the needs and potential identified in the regions. These measures focus on the five proposed priority areas:

1. Urban renewal – integrated actions in urban areas;
2. Promotion of tourism using 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.

For the selection of projects, the Government of Georgia approved the Resolution №200 of March 27, 2019, "The Rule for Determining the Procedures and Criteria for Selecting the Projects of the 2020-2022 Pilot Integrated Regional Development Programme", which regulates the rules of project proposal development, submission, evaluation, selection and funding within the programme, as well as defining the periodicity and of monitoring responsibilities of municipalities.

The presented report is developed by the Ministry of Regional Development and Infrastructure of Georgia and includes information on the activities implemented in 2020 within the framework of the 2020-2022 Pilot Integrated Regional Development Programme.

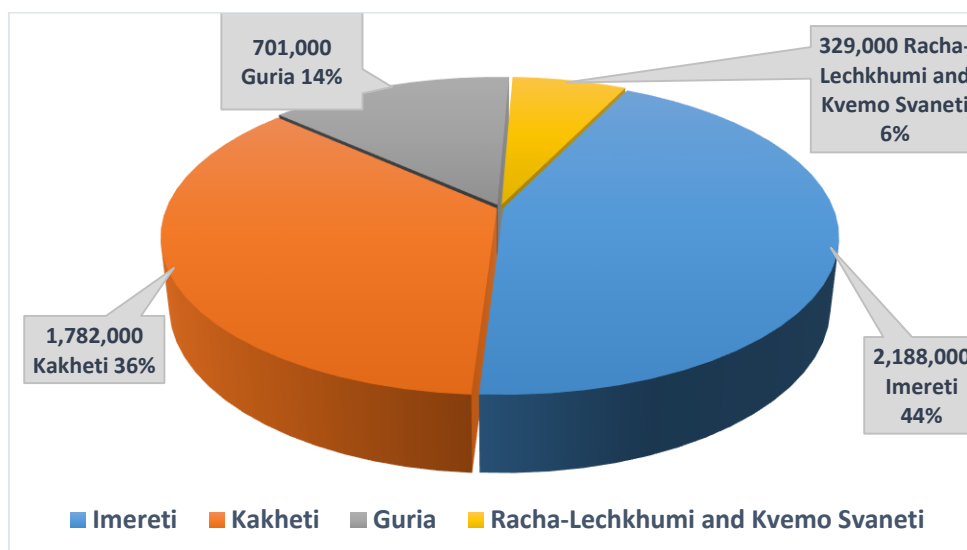
## Call for proposals announced in 2020 within the framework of the Pilot Integrated Regional Development Programme

Pursuant to the Resolution №200 of the Government of Georgia of March 27, 2019, the basis for announcing the competition is the Annual Action Plan developed by the Ministry of Regional

Development and Infrastructure of Georgia and submitted for approval to the Governmental Commission for Development of Pilot Regions of Georgia.

In line with the approved action plan, one call for project proposals was announced in 2020, for which GEL 5 million was allocated by the Decree of the Government of Georgia N11007 of June 18, 2020. According to the plan, the allocated amount was distributed according to the formula to the pilot regions according to the schedule below:

*Chart 1: Distribution of finances by pilot regions*



The funds allocated by the decision of the Government Commission for Pilot Regions were distributed to the 4th priority of the programme - "Integrated Local Development" Measure 4.2 - "Local infrastructure helping development of local businesses ". The aim of the measure is to promote the development of small-scale infrastructure to establish new businesses, including improving tourism offerings and, as a result, improving the living standards of local people. The measure envisages financing of various technical infrastructure arrangement/rehabilitation projects according to local needs. The measure provides funding for the following types of projects:

- Development of local infrastructure related to businesses or projects funded through other activities;
- renovation and construction of small-scale infrastructure (serving citizens, tourist and business including organisation/rehabilitation of recreational areas; streets, pavements, parking areas, fountains, squares, monuments, playgrounds for children, recreational and sport facilities);
- construction/rehabilitation of water and wastewater systems related to a particular project;
- Renovation of state administrative buildings to offer tourism or other services;
- Restoration of cultural heritage monuments of local importance;
- Improving local roads (and accompanying infrastructure) to provide access to local businesses;
- Installation of broadband infrastructure, underground communication channels, telecommunication networks/installation of high-speed fibre-optic Internet cable lines;
- Development of other types of infrastructure to support local businesses.

Taking into account the above, the Ministry of Regional Development and Infrastructure of Georgia has prepared the conditions of the call for proposals. The Governmental Commission for Pilot Regions development has decided to announce a one-stage call for proposals for full project proposals from 27

May 2020, as part of the Measure 4.2 “Local infrastructure helping development of local businesses” in accordance with the Action Plan.

### The process of development and selection of project proposals

As the commencement of implementation of the programme coincided with the restrictions associated with the COVID-2019 pandemic, it was decided that a one-stage full project proposals under measure 4.2 would be announced on May 27 and municipalities would be given 14 days to submit project proposals. As this was the first competition, EU technical assistance experts assisted the municipalities in drafting the proposals throughout this period.

### The process of submission and evaluation of project proposals

Within the framework of the announced call for proposals, 24 project applications were submitted by the municipalities to the administration of the State Trustees:

1. Kakheti - 8
2. Imereti - 9
3. Guria - 4
4. Racha-Lechkhumi and Kvemo Svaneti - 3

7 project applications were returned to the municipalities to correct the deficiencies identified during the evaluation of the project proposals within the reasonable time (Imereti-2, Kakheti-3, Racha-Lechkhumi and Kvemo Svaneti-2) from which Tskaltubo Municipality (Project PIRDP/4.2/CfP# I/IMERETI/04) failed to submit an application within the established period and was excluded from the competition, as well as Kakheti Region Project PIRDP/4/CfP#I/KAKHETI/07 failed the administrative check and dropped out of the competition.

A total of 22 projects underwent administrative evaluations.

At the next stage of evaluation, the projects are subject to technical evaluation in accordance with the criteria provided within the Resolution № 200 of the Government of Georgia of March 27, 2019, and the appropriate score is awarded to each project. Only the project that has received at least 70% of the maximum score will move to the next stage. As a result of the experts' assessment, a total of 22 projects were submitted for the selection of the Regional Consultative Council at the next stage:

1. Kakheti - 7
2. Imereti - 8
3. Guria - 4
4. Racha-Lechkhumi and Kvemo Svaneti - 3

From the submitted projects, the Regional Consultative Councils of the respective regions, a total of 11 projects selected for funding.

*Table 1. Projects funded in 2020 - in detail*

N	Region	Identification Number	Project Name	Name of the Municipality	Total Cost of the project (GEL)	requested amount	Volume of co-financing
1.	Imereti	PIRDP/4.2/CfP#1/IMERETI/01	Arranging a square next to the former "Champagne Factory"	Sachkhere Municipality	344801,66	327562	17 239,66 (5%)

			along the Sachkhere Highway-By constructing a small infrastructure Arranging new recreational, leisure spaces and promoting small business				
2.	Imereti	PIRDP/4.2/CfP#1/IMERETI/03	Rehabilitation of Labajouri road and pedestrian bridge in Dikhashkho administrative unit to stimulate local business and promote tourism	Vani Municipality	262 155	262 155	0
3.	Imereti	PIRDP/4.2/CfP#1/IMERETI/05	Construction of a concrete paved road in the village of Satsire to support the development of local business	Tkibuli Municipality	172 784	172 784	0
4.	Imereti	PIRDP/4.2/CfP#1/IMERETI/07	Construction of entertainment and leisure space infrastructure to support local small businesses	Samtredia Municipality	536 600.62	426 942	109 657,75 (20.4%)
5.	Imereti	PIRDP/4.2/CfP#1/IMERETI/08	construction of business development and tourism support infrastructure in Baghdati Municipality	Baghdati Municipality	993 993.77	970 000	23 993,77 (2.4%)
6.	<u>Kakheti</u>	PIRDP/4.2/CfP#1/KAKHETI/01	Construction of an access road to Manavi Fortress to facilitate the development of local business	Sagarejo Municipality	1 402 490	897 594	504 896 (36%)
7.	<u>Kakheti</u>	PIRDP/4.2/CfP#1/KAKHETI/02	Increasing the access of medium-sized businesses - Babaneuri Cellar by rehabilitating the access road to the village of Babaneuri, Akhmeta Municipality	Akhmeta Municipality	572 919	572 919	0
8.	<u>Kakheti</u>	PIRDP/4.2/CfP#1/KAKHETI/04	Rehabilitation of road in the territory of a new business cluster in Telavi	Telavi Municipality	317 530,13	301 653	15 876 (5%)
9.	Guria	PIRDP/4.2/CFP#1/GURIA/01	Development of local business in Ozurgeti municipality by improving the infrastructure	Ozurgeti Municipality	261 643.83	252 699.19	8 944,64 (3.42%)
10.	Guria	PIRDP/4.2/CFP#1/GURIA/02	Development of	Chokhatauri	279 157.0	279 157.0	0

			Chokhatauri tourism diversity and support of local business by creating a new recreational-leisure park	Municipality			
11.	<b>Racha-Lechkhumi and Kvemo Svaneti</b>	PIRDP/4.2/GFPN1/RACHA-LECHKHUMI AND KVEMO SVANETI/01	Rehabilitation of access paths to the natural columned monument of the village Sairme	Tsageri Municipality	328652	318 792	9 860 (3%)

4 782 259 GEL was allocated for the financing of the selected projects by the Decree N1573 of the Government of Georgia of August 19, 2020, after which the municipality started announcing tenders for the procurement of works on August 21, and the deadline for submission of proposals for all projects expired on September 24.

In total, contracts were signed for 11 projects worth GEL 4,944,391 (preliminary cost GEL 5,472,726).

It should be noted that according to the call for proposals' conditions the co-financing from the municipalities was not obligatory, although this figure was still 690 467 GEL (14.4% of the requested amount), which indicates the willingness of municipalities to participate in the program and efficient use of allocated funds and competition between municipalities. After the completion of the tenders, the savings figure totaled 528,335 GEL.

Out of 5 million GEL allocated by the Decree N11007 of the Government of Georgia of June 18, 2020, a total of 662,897.19 GEL remains, namely by regions:

- Kakheti - 266,745.85 ₾
- Imereti - 143,050.04 ₾
- Guria - 209,313.06 ₾
- Racha-Lechkhumi and Kvemo Svaneti - 43,788.24 ₾

*Table 2. Projects funded in 2020 - in total*

Total number of projects	Total cost of projects	Last offer	Cost of the contract according to the agreement or its change	savings	Actual payments as of 22.12.2020	Co-financing of the municipalities
11	5472726	4860024	4944391	528335	911373	690467

Despite the pilot nature of the program, the process of developing, submitting, evaluating and selecting projects under the program was carried out efficiently, however, the processes envisaged by the program, for a number of reasons, started with delays and the implementation of works started mainly in the 4th quarter.

## The process of project implementation within the program

Funds have been allocated to fund projects selected under the 2020-2022 Integrated Pilot Regions Development Programme according to the Resolution N1573 of the Government of Georgia of 19 August 2020 on "Allocation of Appropriate Funds to Municipalities for Financing Projects Selected under the Integrated Development Program for the Pilot Regions for 2020-2022".

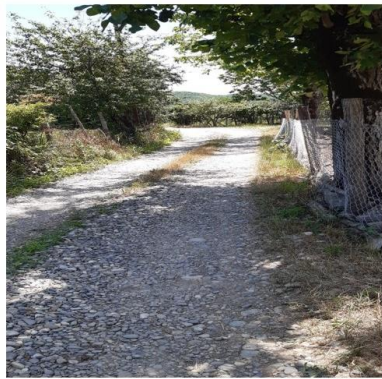
At this stage, the following progress has been made in the implementation of projects in the regional context:

### Kakheti

Within the framework of the Integrated Development Program of the Pilot Regions for 2020-2022, 8 project proposals were submitted from the Kakheti region. 3 projects were selected from 8 submitted projects.

#### 1. Akhmeta - Rehabilitation of the access road to the village Babaneuri

output results of the project - 2.74 km of asphalt concrete road is arranged. Up to 70% of the work has been completed by this time.



#### 2. Telavi - Road rehabilitation works near the hypermarket "Gorgia" on Alazani Avenue in Telavi.

output results of the project - 668 meters of road are rehabilitated, area - 4070 m<sup>2</sup>. The project has been completed and preparations are underway for acceptance.



#### 3. Sagarejo - Arranging the access road to Manavi Fortress



output results of the project - 1,664 km of road is constructed. Up to 50% of the works have been completed by this time, the works of laying the communications are underway. The project will be fully completed in 2021.



Table 3. Projects funded in 2020 - Kakheti

Project N	PIRDP/4.2/CfP#1/KAKHETI/02	PIRDP/4.2/CfP#1/KAKHETI/04	PIRDP/4.2/CfP#1/KAKHETI/01
Municipality	Akhmeta	Telavi	Sagarejo
Project title	Rehabilitation of the access road to the village Babaneuri	Road rehabilitation works near the hypermarket "Gorgia" on Alazani Avenue in Telavi	Arranging the access road to Manavi Fortress
output results	2.74 km of asphalt concrete road is arranged	668 meters of road have been rehabilitated, the area is 4070 m2	1,664 km of road is paved
Full cost of the project	572919	317530	1402490
Last offer	458390	254023	1260010
Cost of the contract according to the agreement or its change	458390	233035	1260010
Savings	114529	63507	142480
Actual payments	0	10988	252000
Actual Payments%	0	5	20
Co-financing of the municipality	0	15877	504896
Date of tender announcement (day / month / year)	24.08.2020	24.08.2020	24.08.2020
Deadline of the proposal submission (day / month / year)	15.09.2020	14.09.2020	14.09.2020

<b>Procurement status</b>	The contract is signed	The contract is signed	The contract is signed
<b>Winner / Participant Company</b>	Gzamsheni Ltd-2005	Road-construction-repair company "Serpentine"	Dean Group Ltd.
<b>NAT/SPA</b>	NAT200012823	NAT200012754	NAT200012764
<b>Project status</b>	Up to 70% of the work is done	Completed and a handover agreement is being prepared	Up to 50% of the work is done
<b>The book value of the object</b>	0	0	0

## Imereti

Within the framework of the 2020-2022 Pilot Integrated Regional Development Programme, 8 project proposals were submitted from Imereti region. 5 applications were selected from the submitted projects.

### 1. **Tkibuli** - Arrangement of a concrete paved road in the village of Satsire near the sanatorium

Project's output results - 736 m of road of local importance rehabilitated. The project is complete.



### 2. **Samtredia** - Rehabilitation works of the square on the east side of the railway on Queen Tamar Street in Samtredia

Output results of the project - 6444 sq. m. of entertainment-leisure complex infrastructure is rehabilitated. By the time of preparation of the report 80% of the work is completed, the project will be fully completed by the end of December 2020.



### 3. Vani - Rehabilitation of Labajouri district road in the village of Isriti

Output results of the project - 1.2 km. of road and 24 m. long pedestrian bridge are rehabilitated. The project is completed by the time of preparation of this report.



### 4. Sachkhere - Arrangement of a new recreational-leisure space in the city of Sachkhere

Output results of the project - infrastructure is arranged on 1334 sq m. of a square and a parking lot. By the time of preparation of the report 30% of the work has been completed and the project is scheduled for completion in 2021.





**5. Baghdati** - Reconstruction of the building of the Business Development and Tourism Service Center of Baghdati Municipality

Output results of the project - the building owned by the municipality is rehabilitated with an area of 1440 square meters. Dismantling works are currently underway. The project will be completed in 2021.



*Table 4. Projects funded in 2020 - Imereti*

Project N	PIRDP/4.2/CfP#1/IM ERETI/05	PIRDP/4.2/CfP#1/IM ERETI/07	PIRDP/4.2/CfP#1/ IMERETI/03	PIRDP/4.2/CfP #1/IMERETI/01	PIRDP/4.2/CfP#1/IMERE TI/08
Municipality	Tkibuli	Samtredia	Vani	Sachkhere	Baghdati

<b>Project title</b>	Arrangement of a concrete paved road in the village of Satsire near the sanatorium	Rehabilitation works of the square on the east side of the railway on Queen Tamar Street in Samtredia	Rehabilitation of Labajouri district road in the village of Isriti	Arrangement of a new recreational-leisure space in the city of Sachkhere	Reconstruction of the building of the Business Development and Tourism Service Center of Baghdati Municipality
<b>output results</b>	736 m. road of local importance rehabilitated	The infrastructure of 6444 sq. M entertainment-leisure complex is rehabilitated	1.2 km of road and 24 m of pedestrian bridge have been rehabilitated	Infrastructure of a square and parking is arranged on 1334 sq km	The building owned by the municipality with an area of 1440 square meters has been rehabilitated
<b>Full cost of the project</b>	172784	536600	262155	344802	993993
<b>Last offer</b>	162998	509277	222211	344802	870023
<b>Cost of the contract according to the agreement or its change</b>	162606	560095	222211	344802	910085
<b>savings</b>	10178	-23495	39944	0	83908
<b>Actual payments</b>	97158	188068	216391	0	0
<b>Actual Payments%</b>	60	37	97	0	0
<b>Co-financing of the municipality</b>	0	109657	0	17240	23993
<b>Date of tender announcement (day / month / year)</b>	21.08.2020	13.07.2020	25.08.2020	26.08.2020	27.08.2020
<b>Deadline of the proposal submission (day / month / year)</b>	01.09.2020	03.08.2020	15.09.2020	16.09.2020	24.09.2020
<b>Procurement status</b>	The contract is signed	The contract is signed	The contract is signed	The contract is signed	The contract is signed
<b>Winner / Participant Company</b>	New Iberia Ltd	Aradan Ltd	Geo Road Invest Ltd	Mshenservice 55 Ltd	Imedi Ltd

<b>NAT/SPA</b>	NAT200012713	NAT200009950	NAT200012955	NAT200013111	NAT200013176
<b>Project status</b>	Completed	80% of the works are completed. will be fully completed by the end of December	Completed	30% of the work is implemented	Dismantling works are underway
<b>The book value of the object</b>	0	330 000	0	20010	

## Guria

Within the framework of the 2020-2022 Pilot Integrated Regional Development Programme, 4 project proposals were submitted from the Guria region. 2 applications were selected from the submitted projects.

1. **Ozurgeti** - Rehabilitation works of the inner rural road (tea road) in the village of Kveda Bakhvi, Ozurgeti Municipality

Output results of the project - 955 m road is constructed. The project is in the completion phase.



2. **Chokhatauri** - Arrangement of a new recreational-leisure space in Chokhatauri (in the center of the borough, turning the Orpira riverbed into concrete and creating a recreational zone).

Output results of the project - 2 road bridges are rehabilitated; 100 length/m riverbed wall has been reconstructed; 173 pieces of LED lights are arranged. Up to 5% of the work is currently completed. The project will not be completed in 2020 due to the fact that the contract was signed 1 month before the time of preparation of this report and the works are at the initial stage.





Table 5. Projects funded in 2020 - Guria

<b>Project N</b>	PIRDP/4.2/CfP#1/GURIA/01	PIRDP/4.2/CfP#1/GURIA/02
<b>Municipality</b>	Ozurgeti	Chokhatauri
<b>Project title</b>	Rehabilitation works of the inner rural road (tea road) in the village of Kveda Bakhvi, Ozurgeti Municipality	Arrangement of a new recreational-leisure space in Chokhatauri (in the center of the borough, turning the Orpira riverbed into concrete and creating a recreational zone).
<b>output results</b>	955 m. of road is arranged	2 motor bridges have been rehabilitated; 100 length/m riverbed wall has been reconstructed; 173 pieces of LED lights are arranged
<b>Full cost of the project</b>	261644	279157
<b>Last offer</b>	220000	264290
<b>Cost of the contract according to the agreement or its change</b>	220000	279157
<b>Savings</b>	41644	14867
<b>Actual payments</b>	43999	0
<b>Actual Payments%</b>	20	0
<b>Co-financing of the municipality</b>	8944	0
<b>Date of tender announcement (day / month / year)</b>	31.08.2020	31.08.2020
<b>Deadline of the proposal submission (day / month / year)</b>	22.09.2020	21.09.2020
<b>Procurement status</b>	A contract is being prepared	The winner has been identified
<b>Winner / Participant Company</b>	Palada Ltd	Elite Builders Group Ltd.
<b>NAT/SPA</b>	NAT200013308	NAT200013246
<b>Project status</b>	In completion phase	Up to 5% of the work has been completed

The book value of the object	0	0
------------------------------	---	---

### Racha-Lechkhumi and Kvemo Svaneti

Within the framework of the 2020-2022 Pilot Integrated Regional Development Programme, 3 project proposals were submitted from Racha-Lechkhumi and Kvemo Svaneti region. 1 application was selected from the submitted projects.

1. **Tsageri** - Rehabilitation of access paths to the natural columned monument of the village Sairme

Output results of the project - 968 m hiking trail is arranged; 3115 sq m decorative tiles; 35-seat armchair; 4 units of viewing platform; 200 sq m parking space; 70 pieces of solar-powered diode lamp. 98% of the work has been completed by the time of preparation of this report and the project will be completed in 2020.



Table 6. Projects funded in 2020 - Racha Lechkhumi - Kvemo Svaneti

Project N	PIRDP/4.2/CfP#1/RACHA-LECHKHUMI AND KVEMO SVANETI/01
Municipality	Tsageri
Project title	Rehabilitation of access paths to the natural columned monument of the village Sairme
Output results	968 m hiking trail is arranged; 3115 sq. m. decorative tiles; 35-seat armchair; 4 units of viewing platform; 200 sq. m. parking space; 70 pieces of solar-powered diode lamp
Full cost of the project	328652
Last offer	294000
Cost of the contract according to the agreement or its change	294000
Savings	34652
Actual payments	102769



<b>Actual Payments%</b>	35
<b>Co-financing of the municipality</b>	9860
<b>Date of tender announcement (day / month / year)</b>	24.08.2020
<b>Deadline of the proposal submission (day / month / year)</b>	14.09.2020
<b>Procurement status</b>	A contract is being prepared
<b>Winner / Participant Company</b>	JTB Golden Age Ltd.
<b>NAT/SPA</b>	NAT200012829
<b>Project status</b>	85% of the work is done
<b>The book value of the object</b>	0

## Shortcomings and recommendations identified during the implementation of the programme in 2020

Despite the pilot nature of the program and the first experience of project implementation within the program, the project development, evaluation, selection and implementation process can be positively assessed, however, it is important to highlight a few issues to improve the process, namely:

- Both the annual action plan approved by the Governmental Commission for Pilot Regions and the tender documents clearly define the project implementation deadlines, which is mostly the end of the current year, although a significant part of the 2020 projects will not be completed by the end of 2020. Therefore, it is necessary to improve the planning process, both at the central level and at the level of municipal and regional administrations.
- It is important to strengthen and retrain human resources of municipalities so that the municipality can complete project idea and project proposal applications without the involvement of technical assistance project experts and submit them flawlessly. In addition, there is a need to strengthen human resources at the level of central government and regional administrations. This issue will become more relevant in 2021-2022, when the funds to be absorbed will be much more than it was in 2020.