

ZUGDIDI

ALWAYS A SUCCESSFUL INVESTMENT



ZUGDIDI MUNICIPALITY

Investment Profile



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

Zugdidi Municipality is responsible for the content of this publication.



A WORD FROM THE MAYOR

Promoting economic empowerment is a top priority for local government. Indeed, the great economic potential of the municipality and the readiness of City Hall are the key preconditions for making this priority a reality.

As a result of the elaboration of a Medium-term Development Document and a Local Economic Development Plan by the local self-government this year, suitable priorities have been agreed and set. In particular, these priorities are creating a favorable, comfortable and profitable investment climate for investors, engaging in professional marketing of the municipality's tourism potential, and providing support to improve the business environment.

Zugdidi Municipality not only has development prospects with respect to transit purposes, but also as a tourism destination, which will contribute to infrastructural improvements and lead to growth of incomes for local people.

The self-government of Zugdidi Municipality promotes the development of local businesses, as well as the interests of large investors and the creation of a favorable business environment for them. The municipality's diverse environment and favorable location are among the many factors guaranteeing that an investment here will be successful and profitable.

Giorgi (Gega) Shengelia
Mayor of Zugdidi Municipality

TOP 9 REASONS TO INVEST IN ZUGDIDI



Why Zugdidi Municipality?

- 1 Strategic location - proximity to the Black Sea coast, ports, and strategic transport points
- 2 Safe and favorable business environment - flexible investment system
- 3 Development potential of Anaklia Port and Anaklia as a regional business hub
- 4 Recreational potential of water resources - untapped resources of thermal and fresh water
- 5 Attractive agro-climatic conditions and long history of experience in agricultural activities
- 6 Labor force can gain qualifications without leaving the municipality
- 7 Attractive tourism environment and growing numbers of international visitors
- 8 Dynamically growing infrastructure
- 9 Main highway connecting the municipality with the renowned mountain resort of Mestia



A Rich and Colorful History

- ✓ 1634–1657 - The capital city of Odishi
- ✓ XVII century - construction of Dadiani Palace
- ✓ 1636 - Trade activities begin to develop in Zugdidi
- ✓ 1852 - Zugdidi silk factory products highly acclaimed at an international exhibition
- ✓ 1845 - 1855 craftsmen settle in Zugdidi
- ✓ 1936 - Discovery of Neolithic culture in the Caucasus
- ✓ The collections of the "Kolkhuri Tetri", one of the oldest monetary denominations in the world, were found indicating a centuries-old history of trade in the municipality



GENERAL CHARACTERISTICS OF THE MUNICIPALITY

Local people focused on professional development



Population - **101 815**



Female - **52.3%**

Male - **47.7%**

Youth aged below 29 - **34%**



Households - **25 302**

MAP OF MUNICIPALITY



Area - **692 km.²**

GEOGRAPHY & CLIMATE

Agricultural production is feasible due to the following climatic conditions:

Characterized by humid subtropical climate

Swampy plains, flood plains, low plains, foothills and karst caves

Characterized by warm winters and hot summers

Average temperature for the hottest month (August) of **+22.7 C**
for the coldest month (January) it is **+4.9 C**

LOCATION AND ACCESS TO MARKETS

- ✓ Represents the administrative, cultural and trade center of Samegrelo-Zemo Svaneti region;
- ✓ Highways of international and domestic importance pass through the territory of the municipality;
- ✓ Port of Anaklia is located in the municipality and has significant prospects; and
- ✓ Potential to exploit the opportunities offered by Poti Free Trade Zone.

PROXIMITY TO THE FOLLOWING ROADS:

- E60 highway; and
- 6 state roads.



Zugdidi railway station serves
passenger trains and freight.



Distance from Zugdidi city to
David the Builder Kutaisi International
Airport - 90 km;



Distance from Zugdidi city to main cities:
Tbilisi - 339 km;
Kutaisi - 90 km;
Poti - 58 km.





EDUCATION

- ✓ Higher and vocational education provided, including:
- ✓ University with greenhouse farm and innovative greenhouses where renewable energy technology is used;
- ✓ Higher education institution - Shota Meskhia Zugdidi State Teaching University – teaches more than 500 students; and
- ✓ Two vocational colleges - 10 vocational education programs are taught, including veterinary, horticulture, electricity, dental work, welding, and animal husbandry.



HEALTHCARE

Well-developed and quick-responding medical services:

- ✓ Referral hospital with 570 staff;
- ✓ Rukhi University Clinic;
- ✓ Infectious and anti-tuberculosis hospitals;
- ✓ 14 first aid centers;
- ✓ 40 rural clinics;
- ✓ Dental clinic and 30 dental offices; and
- ✓ LEPL Emergency Coordination and Emergency Assistance Center.



INFRASTRUCTURE

Public facilities and infrastructure are constantly being improved

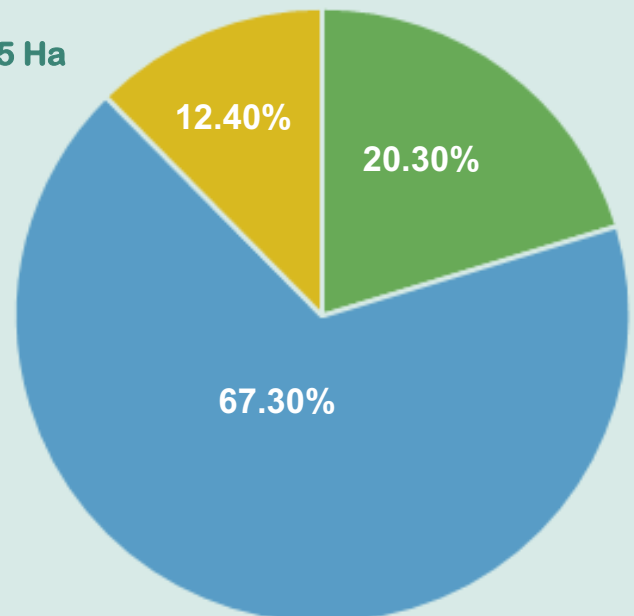
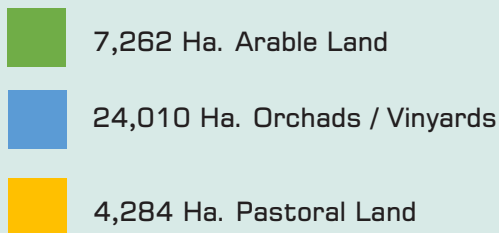
- ✓ Full electricity supply;
- ✓ New water supply and sewage systems installed;
- ✓ The population of Zugdidi city is fully provided with 24-hour quality drinking water and a reliable sewage system;
- ✓ Road infrastructure is constantly maintained;
- ✓ Natural gas supply system is in place in most of the administrative units;
- ✓ Whole municipality covered by high-speed internet.

LAND ASSETS AND POTENTIAL FOR USE

Diversified agricultural production and high potential for manufacturing enterprises;

- ✓ 1 968 123 ha of non-agricultural land is currently being leased;
- ✓ Regional (Samegrelo) vine varieties and nurseries are distinguishable for their quality, taste and uniqueness;
- ✓ Walnut crops are ancient, traditional, strategically important for the municipality with valuable varieties and high commodity qualities;
- ✓ Corn and feijoa are widely produced which leaves open the prospect of establishing processing farms;
- ✓ Rapidly-growing blueberry production and high export potential; and
- ✓ Other traditional products including tropical crops, honey and bee products, kiwi, bay leaves, citrus.

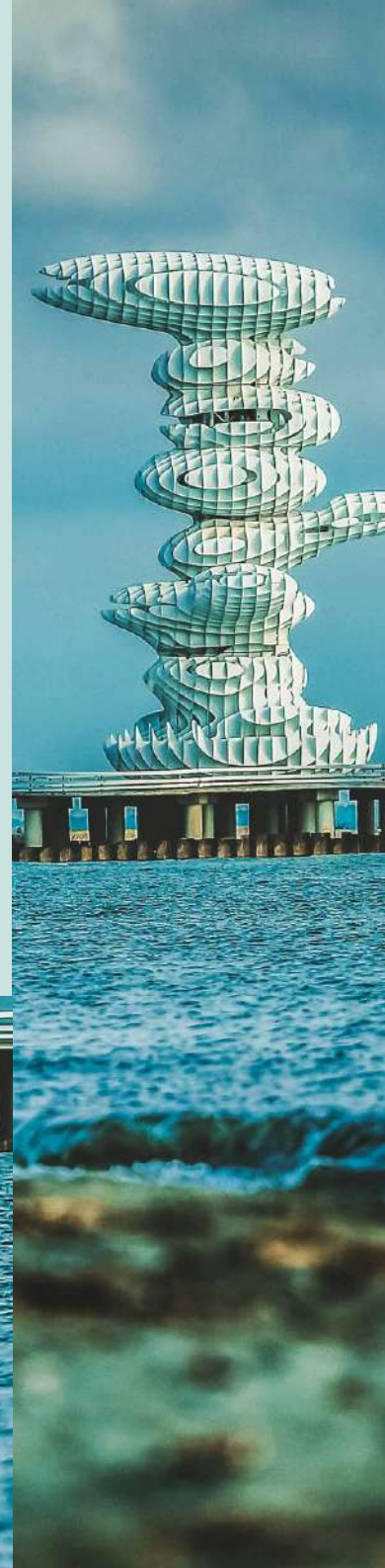
AGRICULTURAL LAND (IN TOTAL) 35,660.55 Ha



FOSSIL FUELS AND NATURAL RESOURCES

Municipality is rich in minerals and natural resources;

| CATEGORY | AMOUNT OF RESOURCES |
|---------------|--|
| Peat | 4,436,000 tones - agricultural raw material |
| Break Clay | 920,000 m ³ - agricultural raw material |
| Sand-Gravel | 3,800,700 m ³ - construction raw material |
| Thermal Water | 14,000 m ³ / day |





TOURISM POTENTIAL IN ZUGDIDI

Municipality boasts versatile tourism opportunities;
Potential to become a tourism hub; and
Connects the sea and the mountains with good transport routes.

- ✓ Dadiani Complex - preserved bronze mask of Napoleon I, the robe of the Virgin, a unique botanical garden;
- ✓ Anaklia - Ganmukhuri renewed resort area;
- ✓ Kolkheti National Park and the Churia river;
- ✓ Distinctive Megrelian cuisine;
- ✓ Ancient culture of Kolkheti;
- ✓ Unique cultural-historical monuments and museums, caves, rafting and picnic areas;
- ✓ Wetland of Kolkheti and its rare nature;
- ✓ Black Sea and developing resort areas; and
- ✓ Improving and potential for further development.

IMPORTANT DIRECTIONS FOR TOURISM DEVELOPMENT:

- ✓ **BALNEOLOGICAL TOURISM:**
Tsaishi balneological resort.
- ✓ **HISTORICAL - ETHNOGRAPHIC TOURISM:**
Dadiani Palace
- ✓ **RELIGIOUS TOURISM:**
Religious shrines are preserved in Zugdidi
- ✓ **ECO-TOURISM;**
- ✓ **AGRO-TOURISM;**
- ✓ **SCIENTIFIC-RESEARCH TOURISM;**
Bird Watching;
- ✓ **ADVENTURE AND EXTREME TOURISM.**
Horse riding, Hunting tourism, Amateur fishing.





LOW AND EFFICIENT TAXATION CONDUCTIVE TO BUSINESS

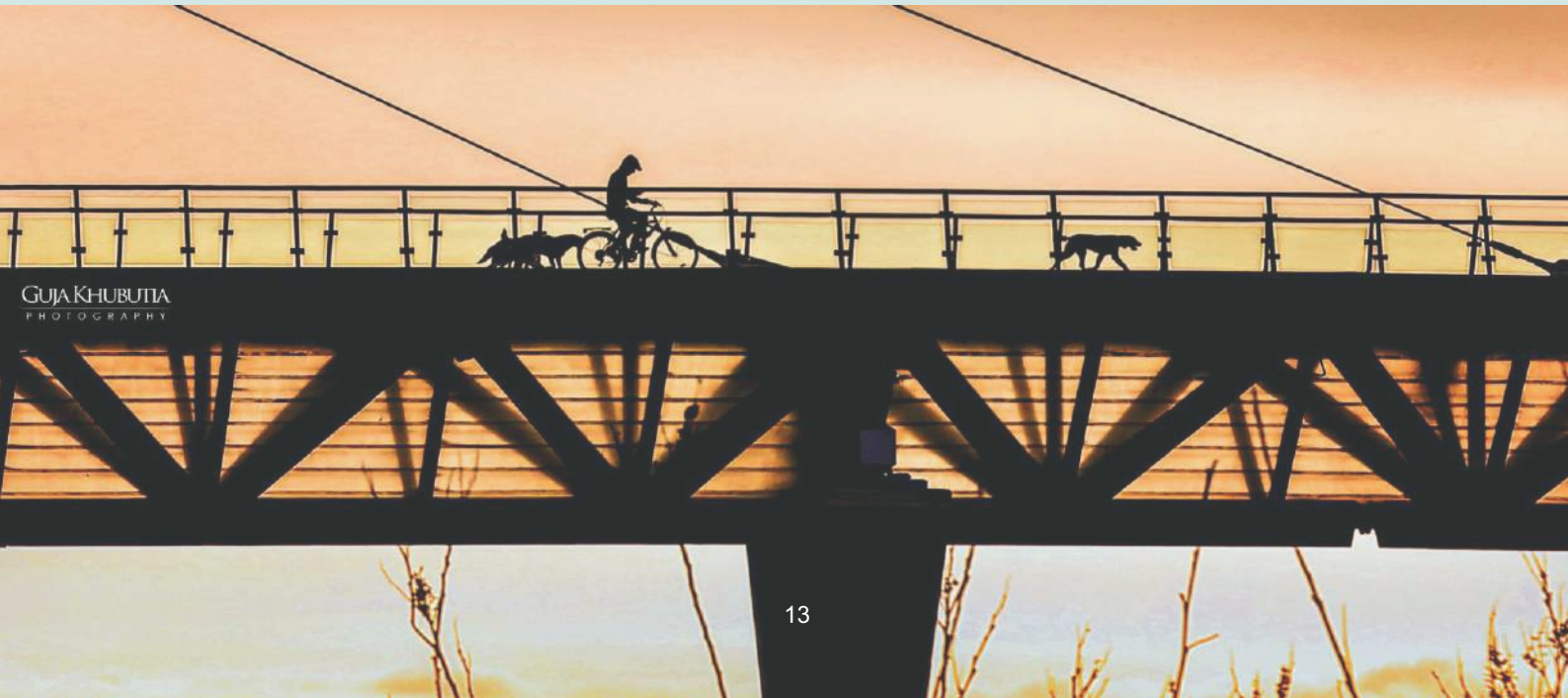
- ✓ Corporate Profit Tax of 0% or 15% encourages reinvestment;
- ✓ Personal Income Tax – 20%;
- ✓ VAT – 18%;
- ✓ Property Tax – 1%;
- ✓ Customs/Import Tax – 0%, 5%, or 12%;
- ✓ Personal Income Tax for Interest, Dividends, Royalties – 5%;
- ✓ Pension Contribution - 6% (2% paid by Employer, 2% paid by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

| Potential Expenditures | AMOUNT |
|---|--|
| NATURAL GAS | 0,56 GEL / m ³ |
| ELECTRICITY | 0,14 - 0,21 GEL / kWh |
| WATER SUPPLY | 4,307 Tetri / m ³ |
| WASTE MANAGEMENT | 25 GEL |
| CONSTRUCTION PERMIT | 1 - 4 GEL / m ² |
| PROPERTY TAX ON LAND (by categories) | 0,12 – 0,36 GEL m ² 0,24 GEL / m ² Non-agricultural Agricultural land (ha): Arable land – 77 Gel; Grassland/Hay Fields – 20 Gel; Pastoral land – 16 Gel; Natural resources (lands allocated on the basis of issuing the relevant license to the company) - 3 GEL |
| FEE FOR ISSUING A SPECIAL (ZONE) agreement | Is calculated based on a special formula for a specific case |



MAJOR PROJECTS (ONGOING AND PLANNED)

- ✓ Rehabilitation of cafe-restaurants located on the territory of Anaklia-Ganmukhuri coastal boulevard;
- ✓ Renovation and building of municipal bus stations;
- ✓ Road repairs in 21 administrative units;
- ✓ Full repaving of city streets;
- ✓ Renovation and modernization of equipment in drama theater;
- ✓ Construction of a sports complex and a swimming pool of Olympic standard; and
- ✓ Construction of a children's football academy.





BUSINESS ENTITIES IN ZUGDIDI

Increasing number of processing enterprises and utilization of local raw materials;
Diverse areas of entrepreneurial activity:

- ✓ Hazelnut processing;
- ✓ Building materials and wood processing;
- ✓ Furniture production;
- ✓ Primary agricultural production (nuts, kiwi, feijoa, blueberries, corn, bay leaves, honey) and greenhouses;
- ✓ Dried fruit production;
- ✓ Accounting, auditing and tax consulting;
- ✓ Computer hardware repair and software;
- ✓ Local TV channels and two radio stations;
- ✓ Local magazines and newspapers;
- ✓ Branches of almost all banks operating in the country and several microfinance organizations; and
- ✓ 2 travel agencies, 15 hotels, 80 guesthouses, and 40 cafe-bars and restaurants.





STATE SUPPORT AND SUCCESSFUL INVESTMENTS



Fruit processing, drying-warehousing enterprises were opened

“Gemuni” fruit processing enterprise (Investment worth - \$1 400 000):

Through state program "United Agro Project"; and

Exports products to international markets - Middle East, United Arab Emirates and Europe.



State programs support development of agricultural and non-agricultural businesses.

Enterprise Georgia: Greenhouses, concrete production, liquid soaps and detergents production, hotels, etc.

Preferential agro-credit: Hazelnut processing, greenhouses, production of packaging materials, etc.

Plant the future: Blueberry production farms.



BUSINESS COLLABORATION

LOCAL GOVERNMENT SUPPORTS THE SMALL AND MEDIUM-SIZED ENTERPRISES, SECTORAL CLUSTERS, AND ASSOCIATIONS

Tech parks and innovation centers:

Programming, design, entrepreneurship, and various business training sessions are conducted systematically.

Business Support Platform:

Zugdidi Regional Chamber of Commerce and Industry

BUSINESS-ENABLING ENVIRONMENT

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

LOW BUSINESS COSTS

- ✓ Easy-to-administer tax system and flexible dispute-resolution procedures;
- ✓ Easy to start a business;
- ✓ Proximity to free industrial zones and low logistics costs; and
- ✓ Diversity of on-site business products / services and high availability of raw materials.





REAL ESTATE MARKET

FAVORABLE PROPERTY PRICES
PRICE FOR 1 SQUARE METER OF LAND:

1 Non-agricultural land:

City center – 750-800 Gel; and
Peripheral areas – 250-300 Gel.

2 Agricultural land:

Central areas of administrative units – 50-60 Gel; and
Villages – 10-30 Gel.

3 Leasing:

Commercial space in the central part of Zugdidi city - 100-120 GEL,
office 20-25 GEL. Selling price of a property (building or part of):

4 Real estate cost:

City center – 900-1000 Gel; Peripheral areas – 550-700 Gel.





GOVERNMENT SERVICES FOR BUSINESSES

✓ PUBLIC SERVICE HALL

Various services provided in one place under the 'one-window' principle; and All kinds of services delivered by the State Services Development Agency and the National Agency of Public Registry (registration, permits, licenses, etc.).

✓ ZUGDIDI SERVICE CENTER (REVENUE SERVICE):

Registration as a taxpayer, support in financial operations, preparation of documents for delivery, movement of goods, services, etc.

✓ CHAMBER OF COMMERCE AND INDUSTRY:

Protects the interests of business entities, issues certificates of product origin to entrepreneurs, passports for goods, legal advice, product expertise, and arbitration; and

Provides information about ongoing government and international grant projects and advice on participation procedures/requirements in the programs.

✓ INFORMATION CONSULTING CENTERS OF THE MINISTRY OF ENVIRONMENT PROTECTION AND AGRICULTURE

Consultations in the cultivation arable land, crop maintenance, animal care, and implementation of modern equipment and technologies; and

Information on state programs and promotion of other agricultural fields.



ADVANTAGES OF INVESTMENT CLIMATE IN GEORGIA

- ✓ Gateway from Europe to Asia and vice versa
- ✓ Free trade agreements covering 2.3 billion customers
- ✓ Association Agreement and Deep and Comprehensive Free Trade Area (DCFTA) with the EU
- ✓ 7th easiest country to do business in (1st among European countries) according to World Bank's Ease of Doing Business Report 2020
- ✓ 6th safest country in the world according to Numbeo's Crime Index 2019
- ✓ Relatively low labor and operational costs for businesses
- ✓ Simple, low and efficient taxation with tax reliefs and business-supportive incentives
- ✓ Property tax – 1% or below
- ✓ Georgia has signed bilateral investment treaties (BITs) with 33 countries and has been a member of the ICSID Convention since 1992

STATE SUPPORTED OPPORTUNITIES

Government Supports Agriculture, Service and Hospitality Industries



ENTERPRISE GEORGIA

The State Agency "Enterprise Georgia"

Covers the Following Areas:

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



Rural Development Agency

Rural Development Agency

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



GEORGIA'S INNOVATION & TECHNOLOGY AGENCY

Georgia's Innovation and Technology Agency

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



JSC Partnership Fund (PF)

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

GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENTS

1. NON-AGRICULTURAL LAND



—● LOCATION

Zugdidi City, Zviad Gamsakhurdia Avenue #19,
Shota Rustaveli Street #89; Located in settled
area; Good road infrastructure and necessary
utilities (natural gas, water, & electricity) are
available;



—● AREA 2,359 square meters



—● CADASTRAL CODE 43.31.49.015.01.519



—● OWNERSHIP

Local Government



GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENTS

2. NON-AGRICULTURAL LAND



● LOCATION

Zugdidi City, Chavchavadze Street;
Located in settled area; Good road infrastructure
and necessary utilities (natural gas, water, & electricity)
are available;



● AREA 8,917 square meters



● CADASTRAL CODE 43.31.42.366



● OWNERSHIP

Local Government



GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENTS

3. NON-AGRICULTURAL LAND AND A BUILDING



—● LOCATION

Village Anaklia

Good road infrastructure and necessary utilities
natural gas, water and electricity are available



—● AREA

Total Area - 7,385 square meters

Total Area of a building - 868,62 square meters



—● CADASTRAL CODE 43.14.42.059



—● OWNERSHIP

Local Government



GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENTS

4. VILLAGE "CHITATSKARI"



—● LOCATION

Located in the settled area
Proper road infrastructure and necessary utilities (natural gas, water and electricity) are available



—● AREA / 96,179 m²



—● CADASTRAL CODE 43.14.44.753



—● OWNERSHIP

Central Government



—● POTENTIAL

Pond Farm

Estimated starting point at auction: 1 452 700 GEL



FOR MORE INFORMATION:

Investment Climate & Opportunities in Georgia (2019)

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

OTHER USEFUL LINKS:



| | |
|---|--|
| Invest in Georgia | www.investingeorgia.org |
| Ministry of Economy and Sustainable Development | www.economy.ge |
| Ministry of Finance of Georgia | www.mof.ge |
| Ministry of Environmental Protection and Agriculture of Georgia | www.mepa.gov.ge |
| Ministry of Regional Development and Infrastructure of Georgia | www.mrdi.gov.ge |
| JSC Partnership Fund | www.fund.ge |

INFORMATION SOURCE

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