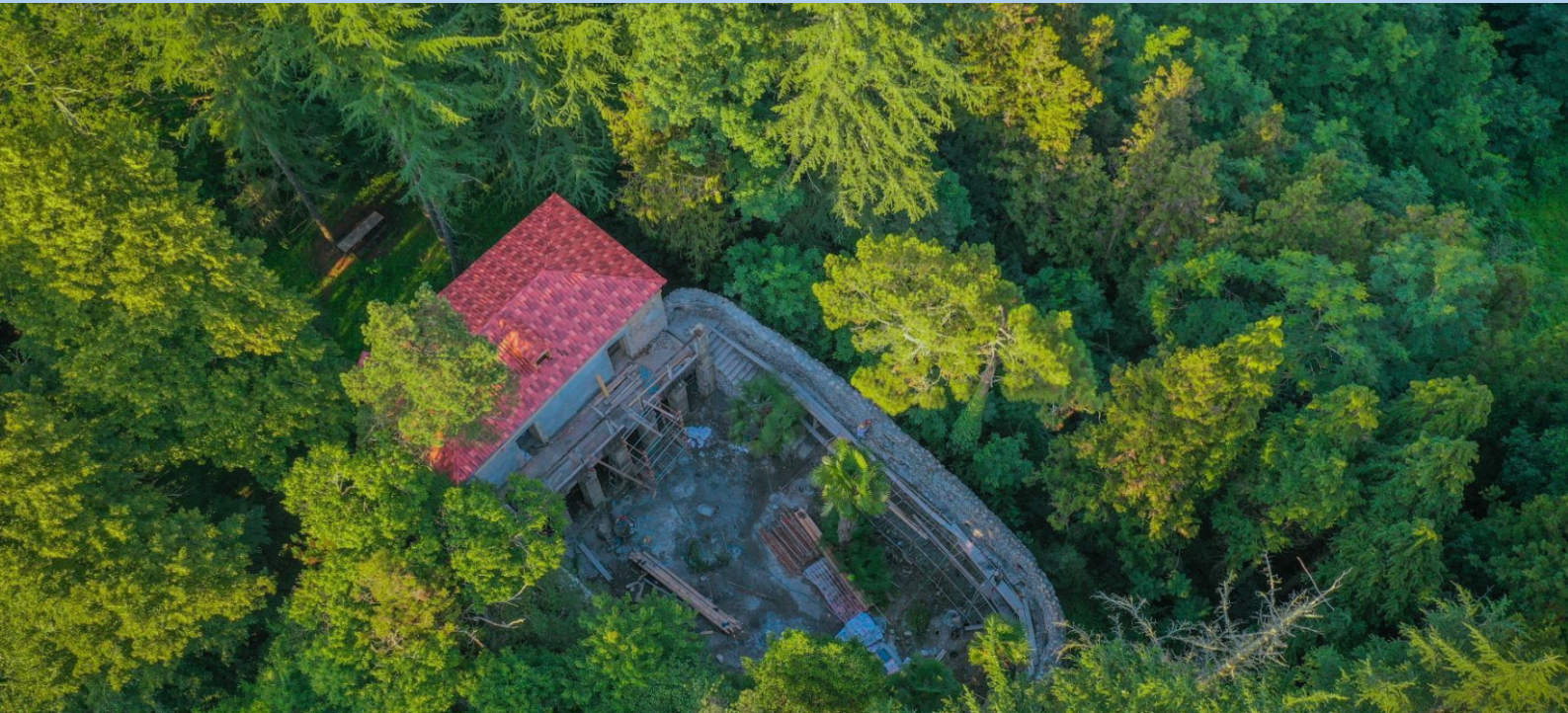


CHOKHATAURI

INVEST IN A HOSPITABLE MUNICIPALITY



CHOKHATAURI 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).

Chokhatauri Municipality is responsible for the content of this publication.



A WORD FROM THE MAYOR

Chokhatauri is one of the municipalities in Guria region, which is located on the bottom of southern slope of Guria Mountain Range. The geographical location of the municipality is highly beneficial with good railway connections, two seaports, two international airports and free economic zones. In recent years, there has been growing business interest and activity among investors in the municipality. Indeed, 261 new enterprises registered here during the period of 2014-2019.

A significant advantage of the municipality is its potential in terms of resorts and agricultural production. The municipality is renowned for the quality of local tea, especially important is wine produced from the native varieties of grapes that has given the municipality some notoriety within the country and abroad. Beekeeping has emerged as a rapidly developing sector.

In terms of potential, the municipality has mountainous forest-rich terrain with abundant springs and rivers, as well as famous and relatively untapped fresh, mineral, and balneological waters. Special attention should be paid to the resorts of Bakhmaro and Nabeghlavi. In recent years, the local government has been actively focused on supporting tourism activities all-year-round in Bakhmaro and has sought to attract investments to build ski infrastructure. The municipality is rich in forests, which occupy 65% of the total area.

From an administrative standpoint, the municipality also demonstrates a high level of transparency in its executive and legislative bodies, while investors are also attracted to the municipality's corruption-free environment and not particularly restrictive regulations. In the course of the EU initiative "Mayors for Economic Growth," the Local Economic Development Plan 2018-2020 was developed and approved by the EU Secretariat and the World Bank, as a result of which the municipality became an active member of this initiative. The municipality is also twinned with the Lithuanian town of Pasvalys and the Polish town of Lezajsk.

Please visit the municipality of Chokhatauri which is known for its hospitality and traditions, as well as its unique folklore and cuisine.

Irakli Kuchava

The Mayor of Chokhatauri Municipality

TOP 8 REASONS TO INVEST IN CHOKHATAURI

Why Chokhatauri Municipality?

- 1 Rich in mineral, spring water and forest resources
- 2 Has a variety of its own resorts, and is close to other mountainous and seaside resorts
- 3 Proximity to Poti and Batumi ports, Poti and Kutaisi free industrial zones, and Batumi and Kutaisi international airports
- 4 Agricultural and non-agricultural land resources with future investment prospects
- 5 Qualified and enthusiastic human resources are available
- 6 Rich history of wine-making, beekeeping, tea and hazelnut production, all with potential for further development
- 7 Moderate climate that creates comfortable conditions for business activities
- 8 Business-friendly, transparent, and corruption-free environment



A Rich and Colorful History

- ✓ 17th-18th centuries - residence of the nobles of Guria
- ✓ 17th-19th centuries - a palace, a fence and a garden with orchards and unique varieties of coniferous and deciduous trees built/planted by Mikheil Eristavi in the village of Goraberezhouli, which remain there to this day
- ✓ 1892 - Horse riders from Chokhatauri municipality joined Buffalo Bill Cody's "Wild West Show" in England, performing at an international level for over 30 years
- ✓ 1964 – Bronze hoes, shovels, and copper bowls from the Mesolithic settlement period discovered, confirming centuries-old history of agricultural activities in the municipality
- ✓ Centuries-old sporting traditions including horse riding and Lelo Burti (a Georgian folk sport similar to rugby, dating back to the 12th century)





GENERAL CHARACTERISTICS OF THE MUNICIPALITY

LOCAL PEOPLE FAMOUS FOR THEIR HOSPITALITY AND ENTHUSIASM



Population - **18 300**

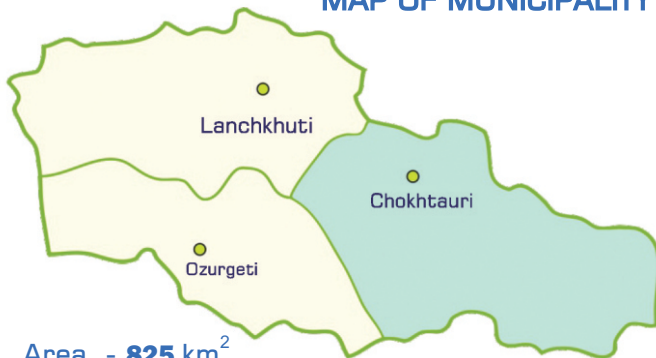


Female - **52%**
Male - **48%**
Youth aged below 29 - **16%**



Total Labor Force
(Population aged 16 - 65) - **62.3%**

MAP OF MUNICIPALITY










GEOGRAPHY & CLIMATE

MODERATE CLIMATE CONDUCIVE TO VARIOUS BUSINESS ACTIVITIES

- ✓ Characterized by altitude zonation;
- ✓ Climate is subtropical up to 500-600 meters above sea level;
- ✓ Humid subtropical climate in the mountains, but generally moderately warm and cool;
- ✓ Average annual temperature - 12°C
High mountains - 0 - 4°C
- ✓ Average annual precipitation - 1 500 - 1 870 mm; and
- ✓ Snow covers the ground in mountainous parts for 5-6 months of the year.

LOCATION AND ACCESS TO MARKETS

-  Only 28 km from the regional center (Ozurgeti)
-  East-West Highway (at Samtredia) - 32 km.
-  Tbilisi - 296 km.
-  Nearest Railway Station for passengers and Goods (Sajavakho) - 20 km;
-  Airports - Kutaisi 35 km; Batumi - 80 km.
-  Poti Sea Port - 70 km;
Batumi Sea Port - 80 km;
-  **DISTANCES TO THE MAIN CITIES:**
Kutaisi - 60 km;
Batumi - 80 km;

ADVANTAGES OF THE LOCATION

Close proximity to Poti and Batumi ports

Poti and Kutaisi free industrial zones,
and Batumi and Kutaisi
International airports

Close proximity to mountainous and sea
resorts meaning good access to
tourist markets.





EDUCATION

Vocational education is one of the main priorities of the municipality;

2 Buildings for the Vocational College are under construction;



HEALTHCARE

Medical services of good quality and sufficient infrastructure are available throughout the municipality;

- ✓ A Regional Healthcare Center and 3 Clinics are currently operating;
- ✓ 19 Medical Centers; and
- ✓ 3 Ambulances serve the local population, with a 4th ambulance operating in Bakhmaro on a seasonal basis;



INFRASTRUCTURE

- ✓ Promising hydropower resources, stemming from fast-flowing mountain rivers;
- ✓ "Nabeghlavi" HPP in the village of Khevi with a capacity of 2 megawatts;
- ✓ In the village of Metsieti is "Sashuala" HPP with a capacity of 12.5 megawatts;
- ✓ "Zoti" HPP, with a planned capacity of 45 megawatts, is under construction;
- ✓ The roads in the town of Chokhatauri are fully paved;
- ✓ The town has full access to water, natural gas and electricity;
- ✓ Villages are fully supplied with electricity;
- ✓ The majority of villages are equipped with natural gas and a water source;
- ✓ Roads have been recently renovated in most villages; and
- ✓ High-speed internet covers the town of Chokhatauri and nearby villages.

LAND ASSETS AND POTENTIAL FOR USE

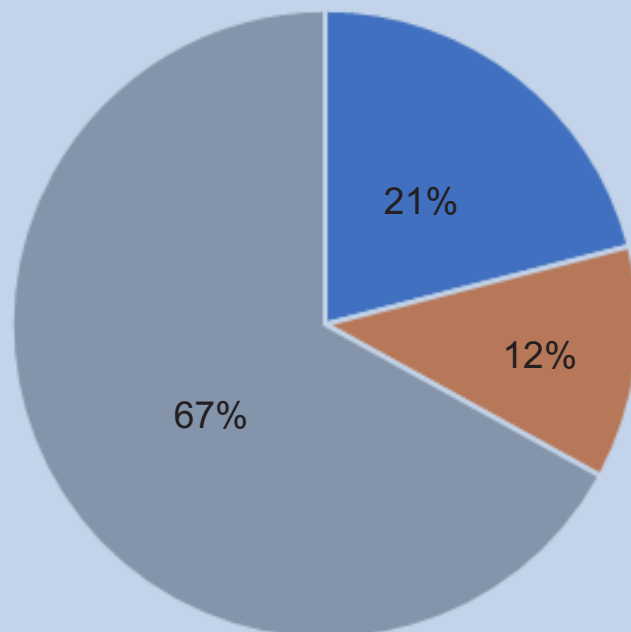
- ✓ MORE THAN HALF OF THE TOTAL LAND AREA IN THE MUNICIPALITY IS GOVERNMENT-OWNED AND THIS CREATES INVESTMENT OPPORTUNITIES
- ✓ OF THE MUNICIPALITY'S AGRICULTURAL LAND, ONLY 16% IS USED AS ARABLE FARMLAND AND 23% IS USED FOR ORCHARDS
- ✓ LAND AND RESOURCES ARE AVAILABLE FOR BOTH LARGE PRIMARY PRODUCTION FARMS AND PROCESSING ENTERPRISES:

The main raw materials for primary agricultural production are corn, nuts, grapes, tea, fruits and year-round crops.

- Development opportunities in the fields of beekeeping and fish farming:
The rivers of the municipality present opportunities for the development of fisheries; and Diverse variety of honey plants.

- Promising niche in wine production

Native grape varieties
(Chkhaveri, Jani, Skhilatobani, Tsojikauri, Aladasturi, etc.):
Up to 10 wineries are currently in operation.



FOSSIL FUELS AND NATURAL RESOURCES

MUNICIPALITY IS RICH IN MINERALS AND NATURAL RESOURCES:

- Ornamental stones in the territory of the village of Vani;
 - Healing warm springs and balneological waters in Sanislia;
 - Sulfur springs in the village of Buknari;
 - Lashe's bath (open bath with healing water) in the village of Shuaganakhleba;
 - Sulfurous mineral water in the village of Didi Vani; and
 - Mineral water in the village of Zemosurebi.
- Two resort areas rich in mineral and thermal waters
- Bakhmaro and Nabeghlavi.





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
ELECTRICITY	21.08306 Tetri/kWh
WATER SUPPLY	4,31Gel/Ton
WASTE MANAGEMENT	Chokhatauri municipality – 0.25 Gel/per person Resort Bakhmaro – 5 Gel/per person
FEE FOR CONSTRUCTION PERMIT	4 Gel for each square meter of new buildings; 5 Gel for each square meter of an industrial facility in the resort area;
PROPERTY TAX ON LAND	Non-agricultural land (1 ha): Bakhmaro – 0.36 Gel; Chokhatauri town – 0.24 Gel; Villages – 0.19 Gel. Agricultural land (1 ha): Arable land – 60 Gel; Grassland/Hay Fields – 19 Gel; Pastoral land – 17 Gel;



REAL ESTATE MARKET

LOW PROPERTY PRICES COMPARED TO THE NATIONAL AVERAGE



CATEGORY	CHOKHATAURI TOWN	BAKHMARO RESORT	VILLAGES
Price for agricultural land (1 m) ²	6 GEL		3 GEL
Lease for agricultural land (1 ha -1 year)	400 GEL	150 GEL	350 GEL
Price for non-agricultural land (1 m) ²	250 GEL	500 GEL	6 GEL/ha
Lease for non-agricultural land (1 ha -1 year)	12 GEL	120 GEL	70 GEL
Purchase price of real estate (1 m) ²	300 GEL	1800 GEL	100 GEL
Rental price of real estate (1 m ² /month)	40 GEL	80 GEL	20 GEL



TOURISM POTENTIAL IN CHOKHATAURI



VERSATILE TOURISM OPPORTUNITIES

Potential for development of ski tourism;
Increased investment in the hospitality industry;



✓ **BAKHMARO - FOUR SEASON RESORT**

- Surrounded by centuries-old evergreen spruce and fir trees;
- Beautiful alpine tundra;
- Attracts visitors in summer and winter seasons;
- Number of visitors: during the summer season
 - about 16,000 people; during the winter season
 - about 1,800 people.

✓ **NABEGHLAVI - BALNEOLOGICAL RESORT**

- Beautiful balneological resort in Gubazeuli Gorge;
- 470 meters above sea level;
- Surrounded by coniferous and deciduous forests, on the shores of the clear-flowing Gubazeuli River;
- Unique climate and balneological conditions; and
- Precious healing mineral waters used to treat various diseases.



✓ **GORABEREZHOU LI**

- **Goraberezhouli Dendrological Park (dating back to 17th-18th centuries);**
- **Eristavi Palace in the village of Goraberezhouli:**
 - Eristavi Palace wine cellar and all agricultural areas have been restored; and
 - Surroundings create a relaxing and pleasant atmosphere with rare plants.



BUSINESS ENTITIES IN CHOKHATAURI



THE LEADING SECTOR OF THE MUNICIPALITY'S ECONOMY IS AGRICULTURE:

- Chokhatauri contributes a significant proportion of Georgia's hazelnut production
- Small and medium-sized farmers are involved in grain cultivation (corn), viticulture, beekeeping and livestock farming; and
- Perennial crop production farms (fruit, citrus, tea, berries) are common as well.



756 ACTIVE BUSINESS ENTITIES ARE REGISTERED IN CHOKHATAURI MUNICIPALITY

- JSC "Tskali Margebeli" (Bottling Factory of Nabeghlavi Mineral Water) and Fruit Processing Factory "Nena" (production of compotes, jams, sauces etc.);
- Factories engaged in excavation and processing of sand and gravel;
- Retail facilities, banking and other services, dining facilities and guesthouses; and
- Small and medium-sized hydroelectric power plants (HPPs).



MAJOR PROJECTS (ONGOING AND PLANNED)



Building and opening of a Vocational College;



1 HPP is under construction and plans are in place to build another 2 HPPs; and



A hotel complex is being constructed in Bakhmaro resort:
The number of hotel rooms available in Bakhmaro ranges from 120 to 800.



ADVANTAGES OF DOING BUSINESS IN HIGH MOUNTAINOUS SETTLEMENTS

- Bakhmaro resort and three other settlements have been granted the status of high mountainous settlements according to the Law of Georgia on the Development of High Mountainous Regions.
- Business entities which, in accordance with the legislation of Georgia, have been granted the status of high mountainous settlement enterprises enjoy tax relief from Corporate Profit Tax, Personal Income Tax, and Property Tax.

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

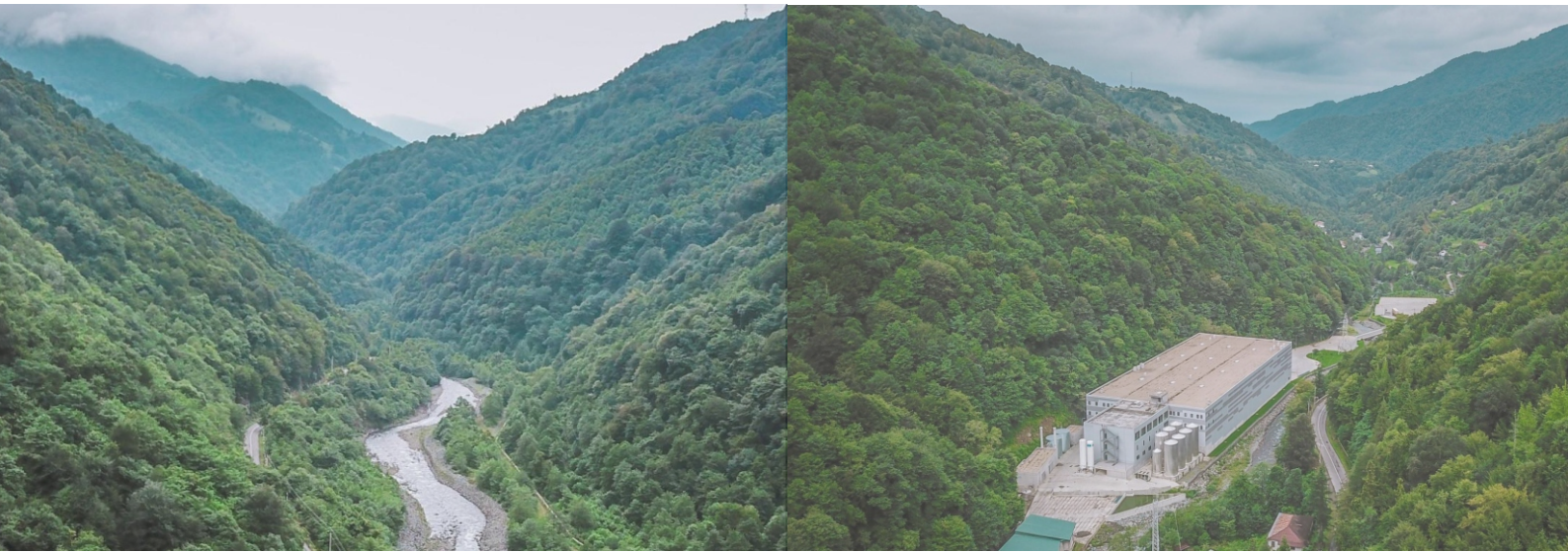


BUSINESS-ENABLING ENVIRONMENT

- ✓ 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 can be accessed in one place under the 'one-window' principle in the municipality; and
- ✓ Supportive municipal government with a track record of quick and efficient cooperation.

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
- ✓ Favorable real estate prices.





STATE SUPPORT AND SUCCESSFUL INVESTMENTS

GROWING OPPORTUNITIES AND INCREASED INVESTMENTS

JSC "Tskali Margebeli" (Bottling factory of "Nabeghlavi" mineral water):

- ✓ Up to 100 people are employed;
- ✓ 98% of employees are locals;
- ✓ Since 2017, has engaged in joint production with Rauch, one of the largest juice and non-alcoholic beverage production companies in Europe;
- ✓ A new multi-profile non-alcoholic beverage factory was opened in 2017;
- ✓ 55 million GEL invested to expand production; and
- ✓ Products are exported to up to 30 countries around the world, including in the European Union (EU), the Commonwealth of Independent States (CIS), Asia, the Middle East and North America.

Fruit processing factory "Nena" (investment of 2,5 million GEL):

- ✓ Up to 30 types of jams, compotes and sauces are produced; and
- ✓ Exported to China, Czech Republic and Russia.



STATE SUPPORT AND SUCCESSFUL INVESTMENTS

✓ **“ENTERPRISE GEORGIA” - MICRO AND SMALL BUSINESS SUPPORT PROGRAM**

- ✓ Total number of funded projects – 65
- ✓ Total Investment - 639 449 GEL
- ✓ Grants Issued - 465 640 GEL
- ✓ Total number of jobs created – 220 employees

✓ **STATE PROJECT “PLANT THE FUTURE”**

- ✓ Promotes the cultivation of agricultural land to plant perennial crops (berries, nuts, etc.); and
- ✓ Amount of land used for growing perennial crops has increased in recent years.

✓ **ENPARD GEORGIA**

- ✓ Agricultural projects funded within the program - 6
- ✓ Total Investment - 408 921 Gel
- ✓ Total number of jobs created – 20 employees





GOVERNMENT SERVICES FOR BUSINESSES

ON-SITE SERVICES TO START AND DEVELOP A BUSINESS ARE AVAILABLE

- ✓ **Services provided by Local Self-Government**
Various communication channels are available, including face-to-face meetings and electronic correspondence; and

Consultations about all necessary issues related to the investment process.

- ✓ **Public Service Hall**
Various services provided in one place under the “one-window” principle; and
Business registration, property registration, privatization process etc.

- ✓ **Regional Information Consulting Centers of the Ministry of Environmental Protection and Agriculture**
Information about state-supported programs; and
Agricultural consulting.



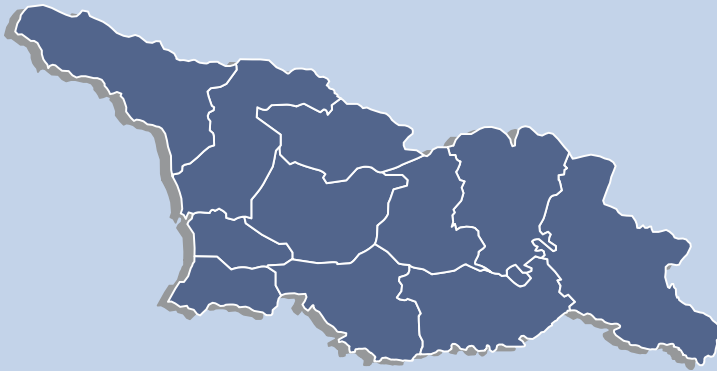
BUSINESS COLLABORATION

The Investment Climate Development Department of the City Hall actively cooperates with the representatives of the private sector in the following ways:

Support for participation in grant competitions

Assists in the preparation of project proposals

Involvement in investment forums





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. FORMER MATERNITY HOSPITAL BUILDING



LOCATION

In a settled area, near a main road,
with necessary utilities
(natural gas, water and electricity) available.



AREA

Land area - 3 848 square meters
Building area - 2 264 square meters



CADASTRAL CODE 28.01.21.049



OWNERSHIP

Central Government



POTENTIAL

Hotel, Hospital, Commercial office space.



GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENTS

2. FORMER FIRE STATION



LOCATION

Located in the settled area,
near a main road, with necessary utilities
(natural gas, water and electricity) available.



AREA

Land area - 4 045 square meters
Building area - 891 square meters



CADASTRAL CODE 28.01.22.070



OWNERSHIP

Local Government



POTENTIAL

Hotel, Hospital, Commercial office space.



GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENTS

3. FACTORY



LOCATION

Located in a settled area,
near a main road, with necessary utilities
(natural gas, water and electricity)
available;



AREA

Land area - 4 955 square meters
Building area - 1 246 square meters
Administrative building – 277,9 square meters



CADASTRAL CODE 28.01.22.009



OWNERSHIP

Central Government



POTENTIAL

Hotel, Factory



GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENTS

4. SPORT COMPLEX (POOL)



LOCATION

Located in the area, there is a sport complex and a central football stadium



AREA

Land area - 5 828 square meters
Building #1 - 1 994 square meters
Building #2 - 573 square meters



CADASTRAL CODE 28.01.22.266



OWNERSHIP

Local Government



POTENTIAL

Close to the central football stadium and a gym that gives the property potential of forming a comprehensive sports complex.



GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENTS

5. CINEMA BUILDING



LOCATION

Located in a settled area, near a main road, with necessary utilities (natural gas, water and electricity) available;



AREA

Land area - 2 816 square meters
Building are - 645 square meters



CADASTRAL CODE 28.24.21.399



OWNERSHIP

Central Government



GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENTS

6. PROPERTY IN BAKHMARO RESORT



LOCATION

Bakhmaro resort

Located in a settled area, near a main road, with necessary utilities (natural gas, water and electricity) available;



AREA

Land area - 1 556 square meters

Building are - 615 square meters



CADASTRAL CODE 28.24.21.400



OWNERSHIP

Ltd. Asset Management and Development Company



POTENTIAL

Trade and dining facility, medical center or commercial office space.



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

Contact - Chokhatauri Municipality

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