

REGIONAL DEVELOPMENT STRATEGY OF THE AUTONOMOUS REPUBLIC OF AJARA

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Introduction

The present document comprises the Regional Development Strategy of the Autonomous Republic of Ajara. It is notable that no standard model of a regional development strategy has ever existed in Ajara. Therefore this document will need significant improvements during the years to come. It is desirable that the strategy develop in the following 4 main directions in the future: spatial, economic, investment and institutional.

Strategy plays important role in the effective management of the region:

- Inspiring - indicates the main directions of the development;
 - Program - is the basis for working out regional programs and projects, other program documents;
 - Reflective - ensures periodic evaluation of economic, social and other processes going on in the region;
- The document has been worked out by the Economic Policy Department of the Ministry of Finances and Economics of the Autonomous Republic of Ajara. During the elaboration of the strategy the following sources of information were used:

- National Statistics Office of Georgia;
- Ministry of Finances and Economics of the Autonomous Republic of Ajara;
- Ministry of Agriculture of the Autonomous Republic of Ajara;
- Ministry of Healthcare and Social Protection of the Autonomous Republic of Ajara;
- Ministry of Education, Culture and Sports of the Autonomous Republic of Ajara;
- Department of Tourism and Resorts of the Autonomous Republic of Ajara;
- Division of Environmental and Natural Resources Protection of the Autonomous Republic of Ajara;
- Batumi City Hall;
- Self Government of Khelvachauri Municipality;
- Self Government of Kobuleti Municipality;
- Self Government of Qeda Municipality;
- Self Government of Shuakhevi Municipality;
- Self Government of Khulo Municipality;
- World Bank;
- International Organization for Migration;
- Batumi Oil Terminal Ltd;
- Batumi International Container Terminal Ltd
- Batumi International Sea-Port Ltd
- Batumi International Airport;
- SOCAR Georgia Ltd
- Ajara Natural Gas Ltd
- Energo-Pro Georgia JSC
- Social Service Agency

The Ajara regional development strategy document has been elaborated based on the December 25, 2009 Decree No107 of the Autonomous Republic of Ajara on “Approving the Measures to be Taken for Elaborating the Ajara Autonomous Republic Economic Development Strategy for 2010-2014”.

The strategy document deals with almost all spheres of economy of the Autonomous Republic of Ajara that determines its structure.

Each chapter is presented in three parts: 1) description of current situation, 2) SWAT analysis (Strength, Weaknesses, Opportunities, and Threats), and 3) strategic directions.

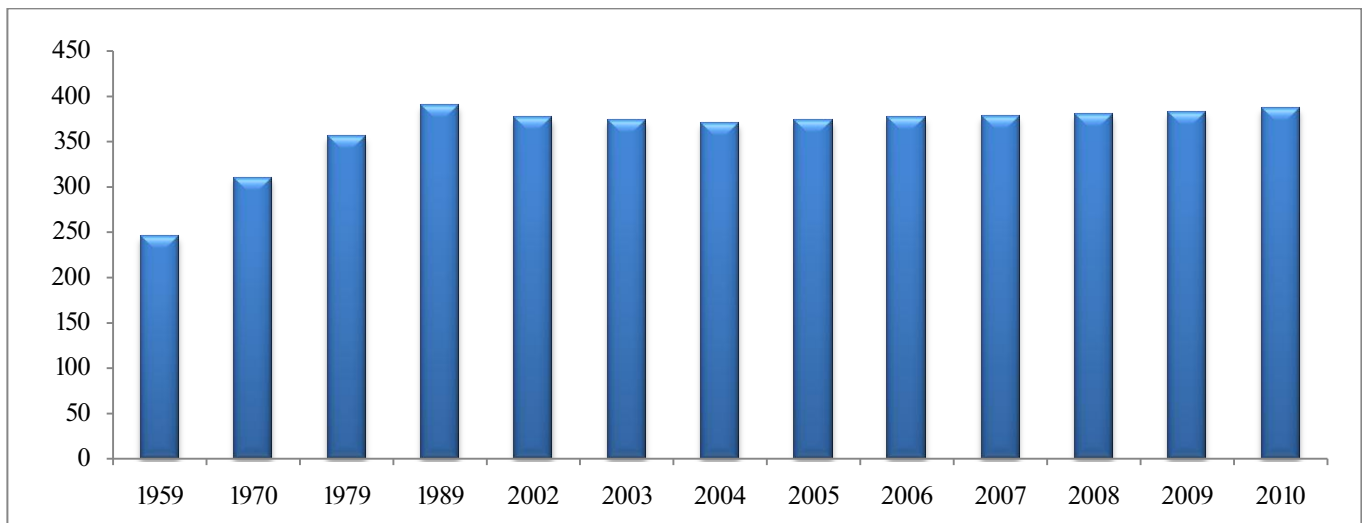
Below are the objectives which were taken into consideration while making the analysis:

- 1) Overcoming poverty and securing all necessary conditions for population welfare in Ajara;
- 2) Increasing competitive abilities of Ajara's human resources;
- 3) Expanding economic and innovation activities in Ajara;
- 4) Reaching maximum competitiveness and stability of the economy of Ajara;
- 5) Maintaining and improving cultural and ecological environment of Ajara for future generations;
- 6) Effective management of natural resources of Ajara;
- 7) Formation and maintenance of spatial order in Ajara;
- 8) Deepening the integration of Ajara into Georgia's as well as world economy, development of international economic relations

Chapter 1. Demography and Labour Market

1. By January 1, 2010 the population of the Autonomous Republic of Ajara was **386.9 thousand inhabitants**. In 1989 the mentioned figure equalled to 392.4 thousand. Before 1989 the number of total population was systematically increasing. However in 1989-2004 the population number of the Autonomous Republic of Ajara decreased. According to the figures of 2010 the population decreased by 1.4% compared to 1989, and increased by 4.5% compared to 2004 (Chart 1).

Chart 1. Population of the Autonomous Republic of Ajara (by January 1, thousands of people)



Source: Office of National Statistics of Georgia

2. The decrease of population growth in the 1990s was caused by migration. Population migrated very intensively from Ajara abroad and to different regions of Georgia, especially to Tbilisi. According to the International Organization for Migration (IOM) more than 50 thousand people moved to foreign countries to live permanently, that is 13.1% of the population of Ajara. Victims of natural disasters were also resettled among different regions of Georgia plus the migration processes triggered by the excessive population in the mountainous regions. Due to fall of living standards the able-bodied population most actively migrated in the periods of universal crisis in the 1990s that is reflected accordingly on the population age structure. Number of labour resources decreased by 4%.
3. In 2004-2010 the number of population of Ajara grew by 16,8 thousand people, or by 4.5% (Table 1)

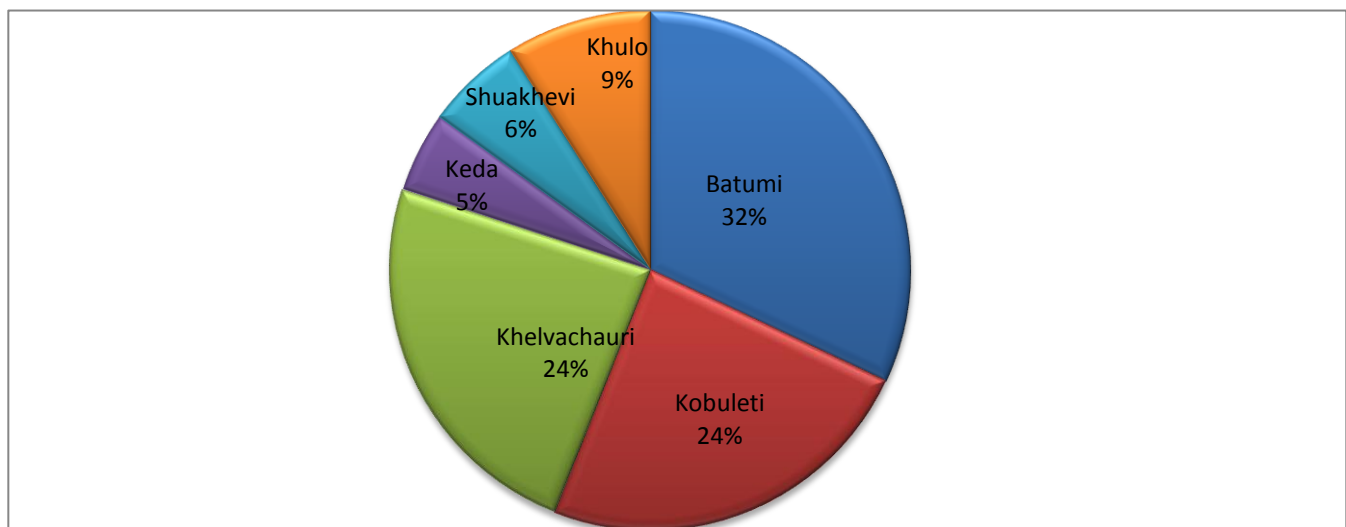
Table 1. Number of Population by Self-government Entities in 2000-2010

Name	2000	2001	2002*	2003	2004	2005	2006	2007	2008	2009	2010
Ajara AR	381,0	379,3	376,0	373,3	370,1	373,0	377,2	378,8	380,2	382,4	386,9
Batumi	126,0	124,4	121,8	121,0	120,2	121,2	122,1	122,2	122,2	122,5	123,5
Qeda	20,6	19,9	20,0	19,9	19,5	19,6	19,7	19,8	19,9	20,0	20,2
Kobuleti	91,0	89,2	88,1	87,4	86,6	87,2	88,9	89,2	89,4	89,8	91,1
Shuakhevi	21,5	21,4	21,9	21,6	21,2	21,3	21,6	21,8	22,0	22,3	22,6
Khelvachauri	89,0	92,4	90,8	90,2	89,6	90,5	91,3	91,8	92,2	92,8	94,4
Khulo	32,9	32,0	33,4	33,2	33,0	33,2	33,6	34,0	34,5	35,0	35,5

Source: Office of National Statistics of Georgia

4. Population Geographic Structure (Chart 2, Table 2)

Chart 2. Population of the Region of Ajara



Source: Office of National Statistics of Georgia

Table 2. Population Density according to 2002 Census Data

Name	Number of Population (thousand)	Territory (km ²)	Population Density (person/1 km ²)
Ajara	376,0	2912,3	129,1
Batumi	121,8	29,0	4200,0
Qeda	20,0	452,0	44,3
Kobuleti	88,1	720,0	122,4
Shuakhevi	21,9	588,0	37,2
Khelvachauri	90,8	413,3	219,7
Khulo	33,4	710,0	47,0

Source: Office of National Statistics of Georgia

5. **The population growth of Ajara is higher compared to the total population growth of Georgia.** It is caused by high natural increase rates of population – high fertility and relatively small death rates. By January 1, 2008, the 24% of the total population of Ajara was under the age of 15, that is 5.2% higher than the same figure determined for the whole Georgia and can be explained by a relatively higher fertility rate in Ajara.

Table 3. Number of Population of Georgia by Regions in 2002-2010

(Person)

Name	2002	2003	2004	2005	2006	2007	2008	2009	2010
Georgia	4 371,5	4 342,6	4 315,2	4 321,5	4 401,3	4 394,7	4 382,1	4 385,4	4 436,4
Tbilisi	1 081,7	1 079,1	1 078,2	1 079,7	1 103,3	1 101,1	1 136,6	1 136,6	1 152,5
Abkhazia AR	1,9	1,9	1,9	1,9	1,9	1,9	1,9	1,9	1,9
Ajara AR	376,0	373,3	370,1	373,0	377,2	378,8	380,2	382,4	386,9
Guria	143,4	142,1	139,2	138,7	139,3	139,0	138,8	138,8	139,8
Imereti	699,7	694,9	690,2	689,0	700,1	697,6	694,2	693,5	700,4
Kakheti	407,2	403,8	401,3	399,9	404,8	403,6	401,9	401,4	404,5
Mtskheta-Mtianeti	125,4	124,6	122,5	122,5	124,5	124,1	105,2	105,2	108,8
Racha-Lechkhumi and Qvemo Svaneti	51,0	50,2	49,7	49,1	49,1	48,6	48,2	47,7	47,6
Samegrelo-Zemo Svaneti	466,1	462,8	459,5	460,4	471,0	469,8	467,7	468,0	474,1
Samtskhe-Javakheti	207,6	206,2	202,6	203,5	208,5	208,3	207,7	208,1	211,3
Qvemo Kartli	497,5	493,2	491,1	494,7	507,6	508,3	486,9	488,8	499,9
Shida Kartli	314,0	310,5	308,9	309,1	314,0	313,6	312,8	313,0	310,6

Source: Office of National Statistics of Georgia

6. **Share of the population of able-bodied age is relatively high in Ajara.** It amounts to 65.4% of the total number. The same figure for Georgia is 64.6%. However the population of Ajara is younger: 10.6% of the total population of Ajara is older than able-bodied age. The same indicator Georgia-wide is 16.5%. This is reflected in the average and median age indicators: according to the 2002 census data the average population age in Ajara was 32.8, and the median age – 30.1. The same indicators for Georgia were 36.1 and 33.6 respectively (Tables 4, 5, 6, and 7).

Table 4. Population of Ajara by Sex and Age (2002 population census)

Permanent Population, total:	Both sexes	Male	Female
Younger then the able-Bodied	90349	46648	43701
Able-bodied	245949	122756	123193
Older then the able-bodied	39620	11671	27949
Average population age	32.8	31.4	34.2
Median population age	30.2	28.0	31.3

Source: Office of National Statistics of Georgia

Table 5. Population of Ajara by Sex and Age (2002 population census)

Share in the mountainous population	Both sexes (%)	Male (%)	Female (%)
Younger than the able-bodied	24,03	12,41	11,63
Able-bodied	65,43	32,65	32,77
Older than the able-bodied	10,54	3,10	7,43

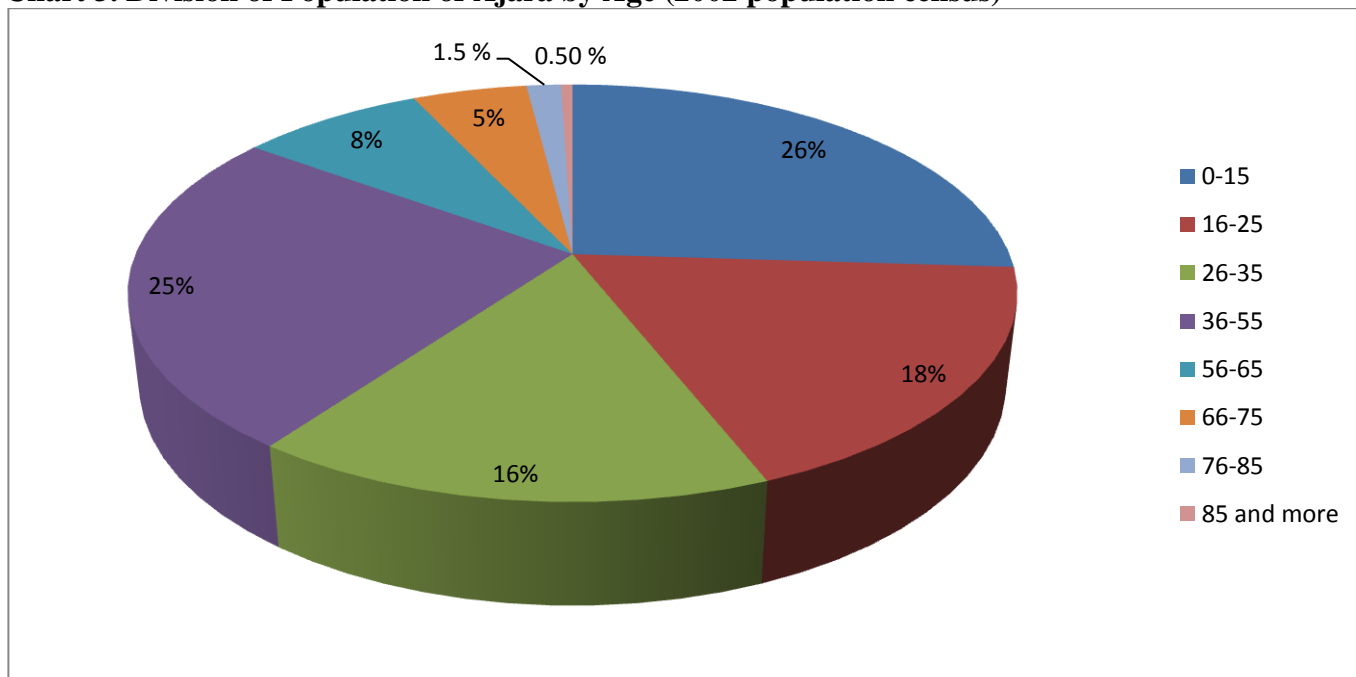
Source: Office of National Statistics of Georgia

Table 6. Population Structure by Age and Sex (2002 population censuses)

Population of Ajara	Both Sexes	Male	Female
0-15	97464	50187	47277
16-25	64905	32046	32859
26-35	58598	28598	30000
36-55	94777	45182	49595
56-65	30310	13391	16919
66-75	20915	8890	12025
76-85	7284	2359	4925
85 years and older	1763	486	1277

Source: Office of National Statistics of Georgia

Chart 3. Division of Population of Ajara by Age (2002 population census)



Source: Office of National Statistics of Georgia

Table 7. Structure of Population of Ajara by Age and Self-government Entities (2002 population census)

Name	Ajara	Batumi	Kobuleti	Khelvachauri	Qeda	Shuakhevi	Khulo
Total Number of Population	375918	121806	88063	90843	20024	21752	33430
Younger than the able-bodied	90349	25791	20198	22803	5099	6292	10166
Able-bodied	245949	83615	58410	59617	12365	12652	19290
Older than the able-bodied	39620	12400	9455	8423	2560	2808	3974
Average Population Age	32.8	33.9	33.4	31.7	33.1	31.7	31.1
Median Population Age	30.2	31.7	30.9	28.2	28.8	27.0	26.5

Source: Office of National Statistics of Georgia

7. Gender Structure of Population of Ajara (Tables 8,9)

Table 8. Division of Population of the Ajara AR by Sex (2002 population census)

	Permanent Population (inhabitants)		
	Both Sexes	Male	Female
Name	376016	181139	194877
Batumi	121806	56171	65635
Qeda	20024	9951	10073
Kobuleti	88063	43268	44795
Shuakhevi	21850	10746	11104
Khelvachauri	90843	44739	46104
Khulo	33430	16264	17166

Source: Office of National Statistics of Georgia

Table 9. Division of Population of the Ajara AR by Sex (2002 population census)

Name	Permanent Population	
	Male (%)	Female (%)
Population of the Ajara AR	48	52
Batumi	46.1	53.9
Qeda	49.7	51.3
Kobuleti	49.1	50.9
Shuakhevi	49.2	50.8
Khelvachauri	49.2	50.8
Khulo	48.6	51.4

Source: Office of National Statistics of Georgia

8. Labour Potential of the Region of Ajara in 2000-2009 (Table 10)

Table 10. Labour Potential of the Region of Ajara in 2000-2009 (thousands of people)

Name	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total Active Population (labour force)	169,4	180,7	162,2	189,3	173,1	164,2	150,5	139,6	164,2	190,2
Employed	144,2	154,5	138,4	166,3	142,5	130,8	122,0	104,2	122,2	148,2
Hired	55,1	64,3	57,6	48,0	47,8	46,6	45,1	38,3	44,7	50,4
Self-employed	75,7	85,0	80,2	118,3	94,5	84,2	76,6	65,8	77,4	97,7
Uncertain	13,4	5,2	0,5	0,0	0,2	0,0	0,3	0,0	0,1	0,0
Unemployed	25,2	26,2	23,9	23,0	30,5	33,4	28,5	35,4	42,1	42,1
Unemployment rate (%)	14,9	14,5	14,7	12,1	17,6	20,4	18,9	25,4	25,6	22,1
Rate of activity (%)	58,9	61,8	62,9	71,7	60,6	56,7	50,2	48,8	59,6	64,7
Employment rate (%)	50,1	52,9	53,7	63,0	50,0	45,2	40,7	36,4	44,4	50,4

Source: Office of National Statistics of Georgia

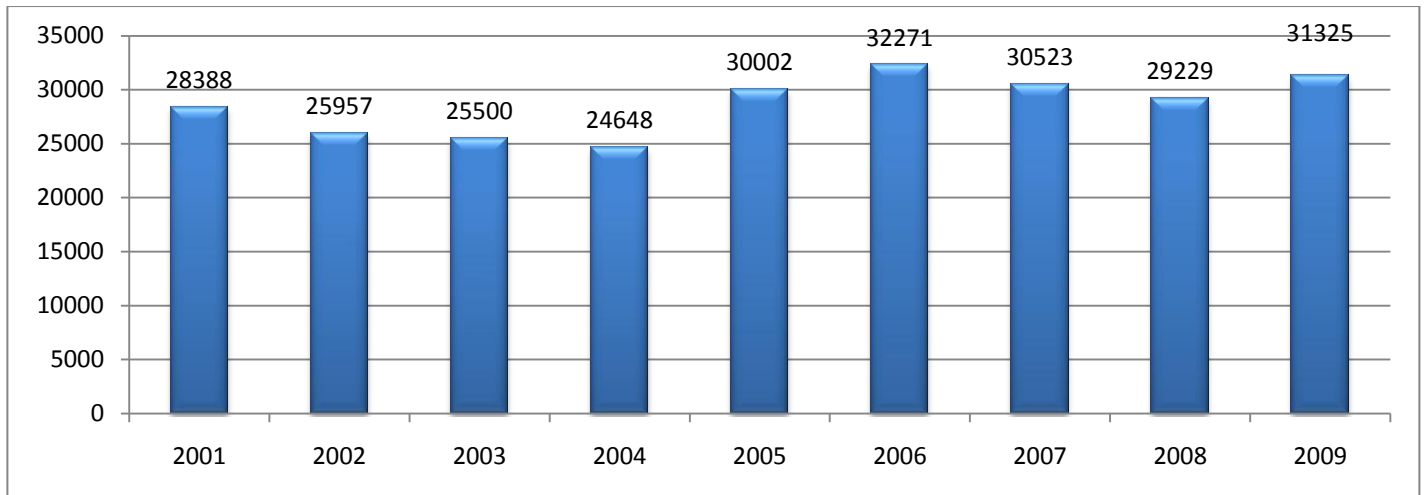
9. Average Annual Number of People Employed in the Business Sector of the Ajara AR

Table 11. Average Annual Number of People Employed in the Business Sector of the Ajara AR in 2001-2009

Types of Economic Activity	2001	2002	2003	2004	2005	2006	2007	2008	2009
Agriculture, Hunting, Forest Industry	312	253	203	261	368	151	234	243	199
Fishing, Fish-breeding	59	70	43	38	54	51	38	12	54
Mining Industry	78	110	106	84	170	117	142	123	227
Processing Industry	4094	3334	3402	3057	3605	4056	3972	4092	5521
Production and Distribution of Electricity, Gas and Water	1583	1576	1728	2044	1796	2081	1140	444	365
Construction Industry	1842	2018	1283	1346	2883	4942	4740	5351	5591
Trading: Cars, Repair of Household Products and Articles of Personal Use	5131	3726	3982	3838	5147	4773	4831	4507	4886
Hotels and Restaurants	980	888	717	954	1626	2209	1978	1700	1816
Transport and Telecommunications	6657	6740	6857	5602	5548	5008	3988	3670	4023
Financial Brokerage	52	40	40	31	52
Real Estate Operations, Renting, Providing Services to Customers	1435	1197	1063	1140	1634	1925	1461	1568	1189
Education	915	814	783	745	1102	1224	1769	1346	1629
Protection of Health and Social Care	4435	4384	4456	4727	5112	4863	5413	4811	4720
Providing of Public, Social and Personal Services	815	807	837	781	905	872	817	1363	1105
Total	28388	25957	25500	24648	30002	32271	30523	29229	31325

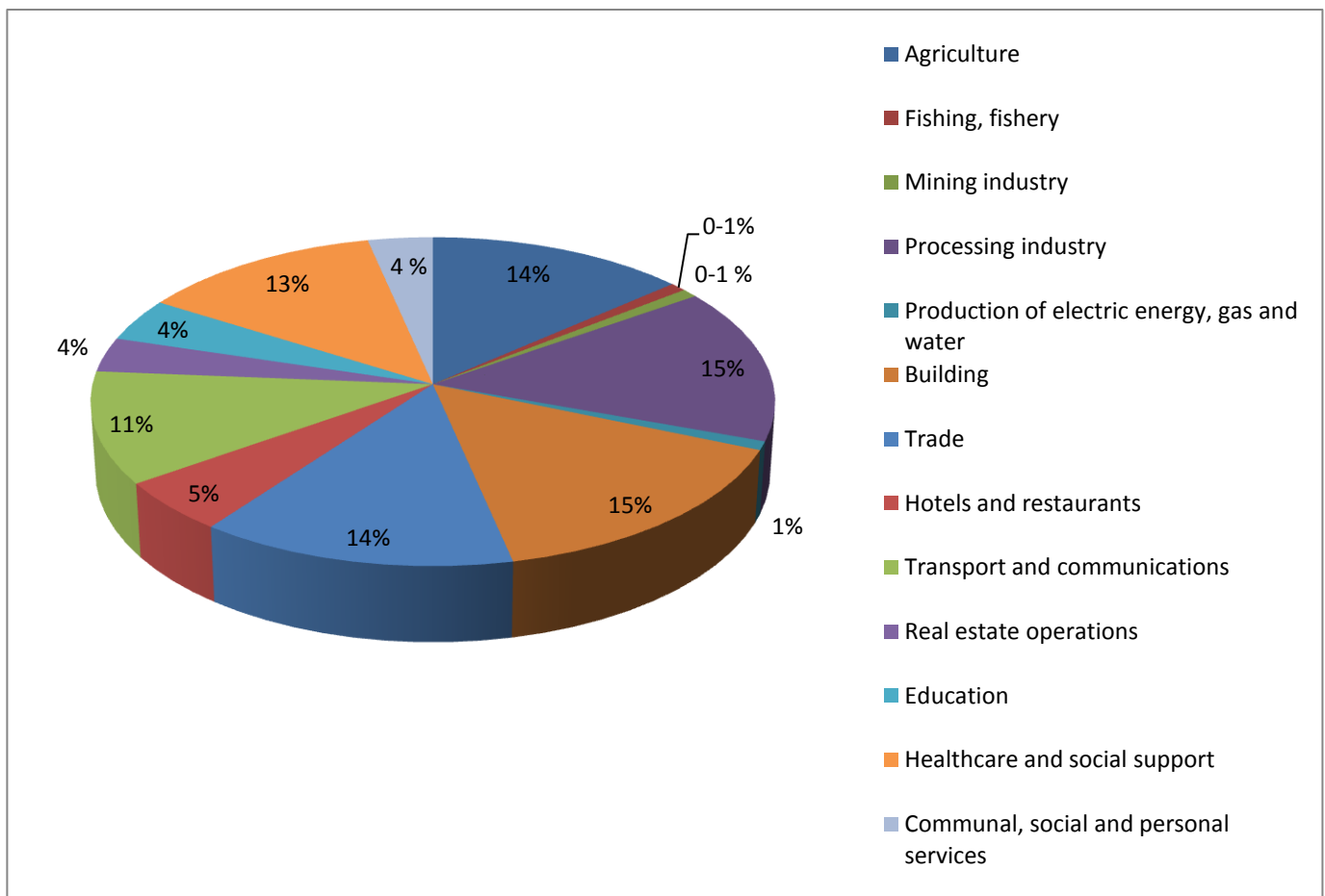
Source: Office of National Statistics of Georgia

Chart 4. Average Annual Number of People Employed in the Business Sector of Ajara in 2001-2009



Source: Office of National Statistics of Georgia

Chart 5. Share of People Employed in Business Sector of the Ajara AR by sectors in 2009



Source: Office of National Statistics of Georgia

10. Unemployment rate in Ajara equalled to 22.1% in 2009. Unemployment rate in Georgia was 1.3 times the number (16.9%). According to the Office of National Statistics of Georgia, there were 190.2 thousand economically active people in Ajara in 2009. Economic activity rate in Ajara is 64.7% that is slightly higher than the same indicator in the country (63.9%). Number of employed people in Ajara by 2009 was 148.2 thousand out of which only 50.4 thousand people (34% of the total number of people employed) were hired.

11. There are structural (by professions) as well as qualitative (by qualifications) imbalances in the demand on and the supply of the work force in Ajara. According to findings of the study of the regional labour market performed by the International Organization for Migration in 2008-2009 there are shortages in a number of professions in Ajara. These professions (with relevant qualification) are listed by the fields of activity in Tables 12, 13, and 14 below:

Table 12. Personnel Deficit by Fields

Agriculture	Agronomist, Ichthyologist, Veterinarian
Industry	Electrician, Technologist in the Production of Pharmaceuticals, Food Technologist, Turner, Chaser, Carpenter, Sales Manager, Specialist in Printing Industry, and etc
Construction	Electric Welder, Engineer Constructor, Engineer Electrician, Engineer Geodesist, Engineer Mechanic, Road Engineer, Technician for Building Machinery, Technician for Road Machinery, Building Machinery Operator, Electrician, Broad Constructor, Plasterer, Dyer, and etc
Trade	Electrician, Sales Consultant, Accountant.
Hotels and Restaurants	Waiter, Hotel Administrator, Cook, Bartender, Masseur, Plumbing Specialist, Marketing Specialist
Transport and Warehousing	Turner, IT Specialist, Electrician
Telecommunication	Telecommunication Specialist
Financial Brokerage	Credit Expert, Economist, IT Specialist
Education	Teachers of Informatics, Music
Health Care	Ultrasound Diagnostics Specialist, Otolaryngologist, Ophthalmologist, Therapist, Family Doctor, Cardiologist, Oculist, Physiotherapist, Urologist, Dermatologist, Traumatologist, Anesthesiologist, Pediatrician
Population Servicing	Tailor, Mobile Phone Master, Master Electrician, Auto Metalworker, Master of Audio and Video Equipment

Source: International Organization for Migration

Table 13. Reasons of Personnel Deficiency (% of the number of employers interviewed)

Main Reasons	Ajara, total:	Batumi	Kobuleti	Khelvachauri	Qeda	Shuakhevi	Khulo
Impossible to find stuff with relevant qualification	32	30	64	40	40	60	40
Personnel with the qualification needed is not prepared in the	15	13	36	20	-	-	-

country							
Unaware of whom to address to find the personnel needed	18	7	19	60	60	60	60

Source: International Organization for Migration

Table 14. Categories of Workers who are Difficult to attract (interview results, %)

Main Reasons	Ajara, total:	Batumi	Kobuleti	Khelvachauri	Qeda	Shuakhevi	Khulo
Skilled Workers	56	62	50	-	33	-	10
Skilled Specialists with higher education	37	30	50	80	67	75	90
Unskilled personnel	7	8	-	20	-	25	-

Source: International Organization for Migration

The main professions to be demanded for the nearest one and 2-3 years in Ajara were also identified during the research. Professions in this list vary according to their corresponding fields of activity and specific regions. The professions that are lacking or experience insufficient relevant qualification are successfully demanded today.

Main professions which will be demanded for the nearest one year	Main professions which will be demanded for the nearest 2-3 years
Batumi Bartender, Waiter, Hotel Administrator, Electrician, Economist, Teacher, Plasterer, Dyer, Cashier, Sales Clerk, Pharmacist, Electric Welder, Electrician, Driver, Nurse	Batumi Economist, Lawyer, Driver, Sales Clerk, Cashier, Waiter, Bartender, Cook, Baker, Pharmacist, Teacher, Accountant, IT Specialist, Programmer, Manager
Ajara Coastline (Kobuleti, Khelvachauri) Driver, Economist, Accountant, Waiter, Bartender, Cook, Baker, Food Technician, Electric Welder, Controller on duty (transport), Shunting Master, Plumbing Specialist, Hotel Administrator, Passenger Operation Specialist, Broad Constructor, Therapist, Nurse, Paramedic, Veterinarian, Agronomist, Teacher, Surgeon, Cardiologist, X-Ray Specialist, Allergist, Ophthalmologist, Manager, Lawyer	Ajara Coastline (Kobuleti, Khelvachauri) Driver, Electrician, Plumbing Specialist, Food Technologist, Economist, Controller on Duty (Transport), Engineer Electrician, Electric Welder, Waiter, Bartender, Security Officer, Hotel Administrator, Sales Consultant, Accountant, IT Specialist, Agronomist, Manager, Lawyer, Financier, Pharmacist, Veterinarian, Teacher, Art Critic, Entomologist (Plant Protection Specialist), Cynologist, Ecologist, Engineer Mechanic
Mountainous Ajara Therapist, Resuscitator, Food Technologist, Veterinarian, Agronomist, Soil Scientist, Entomologist (Plant Protection Specialist), Engineer Mechanic, Engineer Technician, Tractor Driver, Mechanic, Veterinarian, Manager, Cardiologist, Ophthalmologist, Teacher, Otolaryngologist, Nurse, Geologist, Teacher, Broad Constructor, Electrician, Auto-metalworker, Foreign Language Specialist	Mountainous Ajara Engineer Mechanic, Agronomist, ichthyologist, Entomologist (Plant Protection Specialist), Veterinarian, Therapist, Food Technologist, Engineer Electrician, Engineer Builder, Broad Constructor, Soils Scientist, Land Reclamation Expert, Manager, Guide, Tractor Driver, Otolaryngologist, Ophthalmologist, Cardiologist, Paediatrician, Nurse, Electrician, Electric Welder, IT Specialist, Auto-metalworker

12. Vocational training system is inadequately focused on labour market in Ajara. The Labour market infrastructure is not developed. Finding skilled personnel is highly problematic for 56% of employers while attracting qualified workers with higher education is difficult for 37% of them. Unskilled workers in Ajara are demanded only by 7% of employers. Employing of specialists with higher education is even more problematic for mountainous regions of Ajara.

SWOT Analysis for Demography and Labour Market of Ajara

<p><u>Strengths</u></p> <ul style="list-style-type: none"> - High rates of population growth due to natural increase; - High population ratio of people of able-bodied age and younger; - High countryside population ratio; - Cheap labour force; - Hard-working population; - Favourable location of populated areas 	<p><u>Weaknesses</u></p> <ul style="list-style-type: none"> - Population migration from the region and the country; - High unemployment rate; - High poverty rate; - Poor quality of population social protection; - Poor quality of demographic processes management; - Structural and qualitative imbalances between the demand on and supply of labour force; - Insufficient orientation of higher education and vocational training systems on the demands of labour market; - Poorly developed employment structure
<p><u>Opportunities</u></p> <ul style="list-style-type: none"> - Creation of strong labour market infrastructure; - Improvement of educational system meeting the demands of labour market; - Training and re-training of experienced personnel by state, international, and non-governmental organizations, educational system and private sector; - Overcoming unemployment by increasing private investments; - Overcoming unemployment by government infrastructural projects; - Improvement of social protection system; 	<p><u>Threats</u></p> <ul style="list-style-type: none"> - Macroeconomic instability and unfavourable investment climate; - Wide scales of external and internal migration; - Worsening of social problems; - Speculation on social problems by opposition; - Political instability

STRATEGIC DIRECTIONS:

Development of Employment Infrastructure:

- 1) Creation of **employment centers at the municipalities is necessary**. Such centers would register the unemployed population, keeping records of those who are seeking jobs, contact employers, and provide other services;
- 2) It is necessary to establish supervision by one of the government authorities over the employment centers at the municipalities. For these purposes the **Employment Department** or Division should be established at one of the government authorities of Ajara (hopefully within the Ministry of Health and Social Care, the Ministry of Finances and Economics, or the Government). Similar employment center has been functioning in Batumi since 2008. The center was founded with the financial support of Poland and the Check Republic under the International Organization for Migration (IOM). In total 587 people had been registered at the center by February 28, 2010, out of them 119 people (e.g. each 5th) were employed. The Government is able to utilize WTO resources and experiences while establishing the employment centers;
- 3) State employment bodies should create an internet web page where vacancies available at all existing organizations will be published, thus enabling potential employers to contact those who are seeking jobs;
- 4) **Information about vacancies should be published in the newspaper “Ajara” on regular basis;**
- 5) Systemic labour market research and the formation of the **database of labour market demands** are required;

Improvement of Educational System

- 6) In order to reach the balance between the labour force demand and supply, it is necessary that the **educational system become focused on the labour market**, since the personnel prepared by ten industrial professional centers that exist in Ajara meet the market requirements partially. Most of the employers (56%) are facing problems in seeking and attracting experienced workers. The problem of preparation of workers in the desired professions should be regulated by the Government at the existing institutions of higher education and professional schools (particularly vocational training centers) taking into consideration the needs of the experienced personnel market.
- 7) Particular attention should be given to the **preparation of specialists in the biggest and the most perspective spheres of the economy** of Ajara (agriculture, domestic services, tourism, construction, renewable energy, transport, and etc);
- 8) It is necessary to **establish Vocational Training/Re-training Centre for municipalities of Qeda, Shuakhevi, and Khulo** (two centers if possible) which will be focused on specificities of these municipalities;
- 9) State programs for vocational training/re-training of those who are unemployed should be worked out according to the labour market requirements and become available for the people of all ages;
- 10) **Local personnel and students should be trained within a project** during the implementation of different projects on the territory of Ajara as well as Georgia, if possible;
- 11) Cooperative enterprises are desired to be established in collaboration with teaching/re-training centers where students will become able to undergo training or even start working (e.g. in case of creating the vocational training center mentioned in paragraph 9 it is possible to establish “Cooperative Kitchen” where the local farmers would become able to process, preserve and then sell fruits and vegetables, thus facilitating the increase of farmers’ income)

Creation of New Work Places:

- 12) **Project implementation** is a major condition for economic development of the region and creation of new work places;
- 13) Facilitation of **Small and Medium Size business**. Establishment of **business incubators**. Creation of the **Ajara Regional Development Bank** which will issue preferential credits, make subsidies, and co-finance development of small business in Ajara;
- 14) Improvement of infrastructure, particularly (1) **construction of autobahn of international standards** on the territory of Ajara **from Sarpi to Kobuleti (Poti)** and (2) **improvement of road quality from Batumi to Akhaltsikhe**, to ensure traffic in this direction throughout the year (see Chapter “Transport”). This direction is important basically for Armenia and Iran. It is desired that these roads get improved within the shortest period of time;
- 15) Nowadays economic development and, respectively, the creation of new workplaces significantly depend on information technologies. In this respect the Government of Ajara should facilitate the **process of computerization and increase the quality and scales of internet services in the region**.

Improvement of Social Protection System:

- 16) It is necessary to **monitor poverty by each municipality** and work out **social target programs** in order to overcome the problem;
- 17) It is necessary to develop **assistance programs for the families which were left homeless as a result of natural disasters taken place in the mountainous regions of Ajara**;
- 18) The Government should carry out preparation works to further **introduce unemployment benefits** in order to create strong social protection system;
- 19) Relevant government structure should be charged to calculate systematically the **minimum basket of goods** by municipalities;
- 20) It is desirable to develop the network of **“Social” Grocery Shops** where pensioners and those who are under poverty line may purchase **groceries at low prices**. In this respect the introduction of special social card system will become necessary;

Establishment of Positive Social Environment in the Society:

- 21) **Carrying out social and charity activities**. For example, assistance to large families, pensioners, single mothers, disabled people, internally displaced people, and etc (monetary support, distribution of free groceries);
- 22) **Holding different social and cultural events** (feasts, festivals, exhibitions, fairs, and etc) in all municipalities in order to create positive feeling in the society;

Chapter 2. Environmental Protection and Natural Resources

1. General Geographic Parameters

Area of the administrative territory of the Autonomous Republic of Ajara is 290 000 hectares. In the south-western part of Georgia, the southern border of Ajara goes through Chaneti and Shavsheti range coinciding with the border between Georgia and Turkey. Arsiani range is from the east, and Achara-Imereti range is bordering from the north. The western border of Ajara opens to the Black Sea coast.

In spite of Ajara's not so big area, its nature is notable with peculiarities and diversities. The Black Sea coast humid subtropical dark forests with hardly passable evergreen Colchis underbrush are replaced by the landscape of chilly summer and snowy winter mountain forests of beeches and dark conifer extended over several kilometers and finally by high alpine landscapes. The highest spot in Ajara is the mountain of Kanla (Kenchauli). Its height is 2992 m and is located at the border with Turkey.

The Mtirala Mountain in Ajara is a precipitation pole in the entire northern Eurasia. The level of precipitation here is over 4000mm, and snow cover is more than 3-5m thick during winter period.

2. Water Resources and Water Contamination Sources

2.1 Rivers

There are 16 rivers on the territory of Ajara. Their total length is 402.6 km.

Table 1. Rivers in Ajara

Rivers	Length km	Average water wastes M ³ /sec	Note
River Choloki	24	7,03	-
River Kintrishi	45	17,03	-
River Achkva	19	1,66	-
River Chakvistskali	22	9,89	-
River Korolistskali	13	3,3	-
River Bartskhana	8,6	1,3	-
River Jochostskali	6	0,98	-
River Charnali	13	1,2	-
River Chorokhi	438	278	26 km in Georgia
River Machakhelastskali	37	20,8	21 km in Georgia
River Adjaristskali	90	51,5	-
River Satsikhuri	14,0	4,07	-
River Akavreta	19,0	5,51	-
River Skhalta	19,0	7,54	-
River Chirukhistskali	32,0	0,9	-
River Chvanistskali	21,0	4,62	-

Sources: Division of Environmental Protection and Natural Resources of Ajara AR

2.2 Lakes

The Black Lake, the Small Green Lake and the Big Green Lake are located in the upper part of the River Acharistskali on western skirts of the Arsiani ridge at 1800-2000m above the sea level. The River Adjaristskali originates from the Big Green Lake.

Table 2. Lakes

Name	Depths, m	Water Surface Area, m ²	Volume m ³
The Green Lake – small	14,5	4851	975
The Green Lake – big	17	46986	85424
The Black Lake	7	21648	22570
Nurigeli	4,3	0,06 km ²	244 627
Ardagani	2,7	0,045	182 400

Sources: Division of Environmental Protection and Natural Resources of Ajara AR

Restoring Ecological Equilibrium of Batumi Lakes

More than 6000 young white silver carps were released into the Batumi lakes (Nurigeli and Ardagani). The white silver carp is a water filtering fish, eats plankton and contributes significantly to the improvement of ecological and sanitary conditions of a lake. The decision was driven by the broken ecological equilibrium of lakes on the territory of Batumi and this particular species was selected in order to improve the existed ecological and sanitary conditions of the mentioned water basins.

2.3 Fresh Underground Waters

Drilling works on the Mejinistskali water collection is being carried out since 1997. The project implies making 100 drills (90 are the permanent and 10 the reserve drills among them). The 86 drills have already been drilled so far. The 10-15 liter/second drinking water has been yielded from every drill.

It is established that per capita water consumption for European countries is 0.5m³ per day. For 150 000 people it equals to 75 000m³ per day. 1140 m³ per day is considered to be required for sea ports and industrial needs. Total daily water consumption equals to 86 400m³ per day which is produced by 90 exploitation drills yielding 11 liter/second.

The amount of fresh underground waters consumed is 4024000m³.

2.4 Mineral Waters

There are 42 kinds of mineral waters in the Autonomous Republic of Ajara. 4 of them have been licensed already.

Table 3. Existing Mineral Waters of the Ajara Autonomous Republic

N o	Location of Mineral Springs	Type of Water by Chemical Composition	Yield (Liter/Day)	Temp °C	pH	Chemical Composition
1	2	3	4	5	6	7
1.	Kokotauri (Qedi region)	Hydro carbonated – Sulfate with Calcium-Magnesium	50 000	10 C	6.6	$\begin{matrix} \text{HCO}_2 & 76\text{SO}_2 & 22\text{Cl}_2 & 4 \\ \text{CO}_2\text{O}_2 & 9_2 & \text{Ca}50\text{Mg}26\text{Na}22 \end{matrix}$
2.	Namonastrevi (Qedi region)	Sulfate Hydro Carbonated with Calcium and Sodium	16 000	12 C	6.7	$\begin{matrix} \text{SO}_4 & 46 & \text{HCO}_2 & 40 & \text{Cl}_{134} \\ \text{CO}_2\text{O}_2 & 7_2 & 8 \\ \text{Ca}50 & \text{Na}28 & \text{Fe}6 & \text{Mg}8 \end{matrix}$
3.	Tskhmorisi (Qedi region)	Sulfate Hydro Carbonated with Calcium and Sodium	60 000	31 C	7.6	$\begin{matrix} \text{C}_{152}\text{SO}_4 & 40\text{Cl}_{134} \\ \text{H}_2\text{S}_{0,003}\text{M}_{1,8} \\ \text{Na}58\text{Ca}40 \end{matrix}$
4.	The Dumbadze Spring (Qedi region)	Sulfate Hydro Carbonated Chloride with Sodium and Calcium	200 000	14 C	4.0	$\begin{matrix} \text{SO}_4 & 46 & \text{HCO}_2 & 20 \\ \text{C}_{114} \\ \text{M}_{1,34} \\ \text{Ca}42 & \text{Na}30 \\ \text{Mg}18 \end{matrix}$
5.	Sakajia (Qedi region)	Sulfate Hydro Carbonated with Calcium Magnesium	3000	13 C	6.5	$\begin{matrix} \text{SO}_4 & 46 & \text{HCO}_2 & 20 \\ \text{C}_{114} \\ \text{CO}_2 & 0,7\text{M}_{2,4} \\ \text{Ca}72 & \text{Mg}17\text{Fe}11 \end{matrix}$
6.	Saini (Qedi region)	Sulfate Hydro Carbonated with Calcium Magnesium	30 000	13.5 C	3.8	$\begin{matrix} \text{SO}_4 & 62 & \text{HCO}_2 & 37 \\ \text{M}_{0,34} \\ \text{Ca}72 & \text{Mg}18\text{Fe}11 \end{matrix}$
7.	Bakaneti (Qedi region)	Sulfate Hydro Carbonated with Iron Calcium	5000	14.5 C	4.8	$\begin{matrix} \text{SO}_4 & 90 & \text{HCO}_2 & 6 & \text{Cl}_{13} \\ \text{M}_{0,4} \\ \text{Fe}52 & \text{Ca}32 \\ \text{Mg}8\text{Na}6 \end{matrix}$
8.	Tsisqvilis Gele (Qedi region)	-----	20 000	11.5	4.6	$\begin{matrix} \text{SO}_4 & 92 & \text{HCO}_2 & 8 \\ \text{M}_{0,4} \\ \text{Fe}62 & \text{Ca}28 \\ \text{Mg}6\text{Na}4 \end{matrix}$
9.	Merisis Abano (Qedi region)	-----	30 000	12 C	4.6	$\begin{matrix} \text{SO}_4 & 93 & \text{HCO}_2 & 7 \\ \text{M}_{0,4} \\ \text{Fe}64 & \text{Ca}32 & \text{Mg}14 \end{matrix}$
10.	Dvalidzebis Abano (Qedi region)	Sulfate Hydro Carbonated with Iron Calcium	70 000	12 C	3.4	$\begin{matrix} \text{SO}_4 & 87 & \text{HCO}_2 & \text{HC}_{12} \\ \text{M}_{0,36} \\ \text{Fe}58 & \text{Ca}36\text{A}12\text{Na}3 \end{matrix}$
11.	Chidlis Khevi (Qedi region)	Sulfate with Iron Calcium	6 000	13 C	4.4	$\begin{matrix} \text{SO}_4 & \text{HC}_{16} \\ \text{M}_{0,37} \\ \text{Fe}48 & \text{Ca}42\text{A}18\text{Na}2 \end{matrix}$
12.	Saretskhela (Qedi region)	Sulfate Carbonated with Iron Calcium	2 000	13 C	4.4	$\begin{matrix} \text{SO}_4 & 91 & \text{HCO}_2 & 7 & \text{Cl}_{12} \\ \text{M}_{0,3} \end{matrix}$

						Fe62 Ca36Mg2
13	The Gundaure Spring (Qedi region)	Sulfate Hydro Carbonated with Iron Calcium	4 000	14 C	4.5	SO ₄ 92HCO ₂ 6Cl ₂ ----- Fe58 Ca34Mg4Al3
14	Asanishvilis' Spring(Qedi region)	Sulfate Hydro Carbonated with Calcium Sodium	50 000	13 C	4.6	SO ₄ 42HCO ₂ 6Cl ₂ ----- Ca28Na18Mg6Fe10
15	Istiarishvilis' Spring (Qedi region)	Sulfate Hydro Carbonated with Calcium	1 200	13 C	4.4	SO ₄ 67HCO ₂ 32 ----- Ca52Al28
16	Tskalbokela (Qedi region)	Sulfate Hydro Carbonated with Calcium Sodium	12 000	11 C	6.0	SO ₄ 95HCO ₂ 4CH ----- Ca78Na19Mg6
17	Uchamba (Shuakhevi region)	Sulfate Hydro Carbonated with Calcium	20 000	9 C	6.4	SO ₄ 84HCO ₂ 16 ----- Na66 Fe21O12Mg2
18	Tomasheti (Shuakhevi region)	Thermal, Sulfate Hydro Carbonated with Sodium	100 000	29 C	7.4	SO ₄ 84HCO ₂ 16 ----- Na 76 Ca12Fe6Mg6
19	Shuakhevi (Shuakhevi region)	Thermal, Hydrogen Sulfide, with Chloride Sulfate Sodium Calcium	10 000	30	6.0	Cl53 SO ₄ 32 ----- Na58Ca44
20	Shuakhevi (Bogili)	Sulfate Hydro Carbonated	86 000	6.6 C	5.8	SO ₄ 52HCO ₃ 46Cl ₂ ----- Na 76 Ca12Fe6Mg6
21	Tskallampara (Shhuakhevi region)	Hydro Carbonated with Calcium Sodium	60 000	11 C	5.8	HCO ₂ 84SO ₄ 15Cl ----- Fe45 Ca35Na 20
22	Babanuri (Shhuakhevi region)	Hydro Carbonated with Sodium Calcium	31 000	7 C	5.0	HCO ₂ 87SO ₄ 13 ----- Na 72 Ca24Fe4
23	Gogoladzes' Spring (Shhuakhevi region)	Sulfate Iron Sodium	3 000	10 C	4.3	SO ₄ 95Cl15 ----- Fe68 Na26Al6
24	Chanchkhalo (Shhuakhevi region)	Hydro Carbonated with Iron	600	8 C	7.6	HCO ₂ 88 SO ₄ 12 ----- Fe84 Ca10Na 6
25	Chirukhi Khevi (Shhuakhevi region)	Hydro Carbonated with Sulfate Calcium	2 000	10 C	6.6	SO ₄ 28 HCO ₂ 64Cl ₂ ----- Na 68 Ca30 Fe2
26	Iakubara (Shhuakhevi region)	Hydro Carbonated with Sulfate Calcium	12 000	9 C	4.6	HCO ₂ 70 SO ₄ 28 Cl ₂ ----- Ca 58 Na 40 Fe2
27	Tbeti (Shhuakhevi)	Sulfate Iron Sodium	1 200	9 C	3.4	SO ₄ 100

.	region)					$\text{Fe}_{1,6}\text{M}_{0,76}$ Na 54 Ca 21
28	Tsablana (Khulo region)	Sulfate Iron Sodium	12 000	10 C	4.2	$\text{SO}_{4,98}\text{Cl}_{12}$ $\text{M}_{1,3}$ Fe54 Na 21 Mg12 A11
29	Gomis Tskaroebi (Shuakhevi region)	Sulfate Hydro Carbonated with Calcium and Sodium	22 000	8 C- 10 C	3.3 4.8	$\text{SO}_{4,64}\text{HCO}_{2,32}\text{Cl}_{14}$ $\text{M}_{0,2}$ Ca34 Na 38 Mg12 Fe7
30	Khikhadziri (Khulo region)	Hydro Carbonated Chloride	4 500	11 C	6.4	$\text{HCO}_{2,38}\text{Cl}_{134}$ $\text{SO}_{4,28}$ $\text{M}_{1,0}$ Na 68 Ca24 Mg8
31	Danisparauli (Khulo region)	Hydro Carbonated Magnesium	2 000	10 C	6.7	$\text{HCO}_{2,98}\text{Cl}_{12}\text{SO}_{4,4}$ $\text{CO}_{2,0,8}\text{M}_{4,8}$ Na 68 Ca24 Mg8
32	Diocnisi (Khulo region)	Sulfate Hydro Carbonated with Sodium, Calcium, Magnesium	2 500	11 C	7.7	$\text{SO}_{4,56}\text{HCO}_{2,24}$ Cl20 $\text{CO}_{2,0,8}\text{M}_{4,8}$ Na 44 Ca44 Mg10 Fe2
33	Abanoskeli (Khulo region)	Sulfate Hydro Carbonated with Iron and Calcium	45 000	11 C	6.0	$\text{SO}_{4,52}\text{HCO}_{2,48}$ $\text{M}_{0,4}$ Fe42 Ca38 Mg 10 Na 8
34	Kinchauri (Khulo region)	Hydro Carbonated Sulfate with Calcium and Iron	8 000	5.5 C	7.5	$\text{HCO}_{2,58}\text{SO}_{4,42}$ $\text{M}_{0,2}$ Ca 62 Fe35 Na 3
35	Makhinjauri (Khelvachauri region)	Thermal, Hydrogen Sulfide Chloride and Hydro Carbonated with Sulfate Sodium Calcium	240 000	26 C	8.4	Cl144 $\text{HCO}_{2,26}\text{SO}_{4,4}$ $\text{H}_2\text{S}_{0,007}\text{M}_{0,24}$ Na 88 Ca 8 Mg4
36	Khala (Kobuleti region)	Sulfate Hydro Carbonated with Sodium Calcium	2 100	12 C	7.0	$\text{SO}_{4,56}\text{HCO}_{2,44}$ $\text{M}_{0,18}$ Na 58 Ca 32 Mg5Fe4
37	Shuagele (bobokvati, Kobuleti region)	Hydrogen Sulfide, Chloride with Hydro Carbonated Sodium	1 500	18 C	7.4	Cl180 $\text{HCO}_{2,18}$ $\text{H}_2\text{S}_{0,001}\text{M}_{0,4}$ Na 95
38	Kvirike (Lanchas Abano, Kobuleti region)	Hydrogen Sulfide, Chloride with Hydro Carbonated Sodium	6 000	16 C	7.6	$\text{HCO}_{2,71}\text{Cl}_{122}$ $\text{H}_2\text{S}_{0,003}\text{M}_{0,19}$ Na 83
39	Khutsubani (Abanos Gele, Kobuleti region)		2 000	15 C	7.2	Cl176 $\text{HCO}_{2,23}$ $\text{H}_2\text{S}_{0,001}\text{Fe}_{0,08}\text{M}_{0,4}$ Na 80

40	Buguari (Khulo region)	Thermal, Hydrogen Sulfide, Chloride with Hydro Carbonated Sodium and Calcium	3 500	24 C	6.0	$\begin{array}{c} \text{C160 HCO } 22 \\ \text{SO } 18 \\ \text{H}_2\text{S}_{0,001}\text{M}_{0,4} \\ \text{Na} \\ \text{54Ca40Mg6} \end{array}$
41	Shubani (Shuakhevi region)	Thermal Sulfate and Hydro Carbonated with Calcium and Sodium	100 000	31 C	5.3	$\begin{array}{c} \text{SO } 66 \text{ HCO } 28 \text{ C16} \\ \text{M}_{0,4} \\ \text{Ca44 Na 32 Fe18 Mg6} \end{array}$
42	Chakvi (Kobuleti region)	Hydrogen Sulfide, Chloride hydro Carbonated with Sodium and Calcium	12 000	14 C	6.0	$\begin{array}{c} \text{C169} \\ \text{HCO } 28 \\ \text{H}_2\text{S}_{0,001}\text{M}_{0,4} \\ \text{Na 53 Ca36} \end{array}$

Sources: Division of Environmental Protection and Natural Resources of Ajara AR

2.5 Based on the figures from 2009 the consumption of drinking water resources on the territory of Ajara AR is 50 million 934 thousand m³.

In total 1115 million 641 thousand m³ water was taken out of which:

- 1038 million 550 thousand m³ was taken for hydropower industry,
- 39 million 123 thousand m³ for public and personal services,
- 26 million 044 thousand m³ for fishing industry in agriculture,
- 427 thousand m³ was taken by independent water consuming enterprises,
- 11 million 384 thousand m³ for rural water supplies,

99.5% of all water resources taken from objects of natural water are surface and 0.5% underground waters.

2.6 In total 3921 tons of Hazardous substances are drained into water basins together with sewage waters. These are:

- Organic pollutants (BOD) 723 tons (18.4%)
- Weighted particles 887 tons (22.6%)
- Oil products 12.7 tons (0.32%)
- Others (chlorides, sulphates, phosphates, ammonia and others) 2306 tons (58.68%)
- Facts of chemical pollution have not been registered

2.7 There are 136 large and small water purifying facilities operating in Ajara with the projected capacity of 92829 m³. One of them is biological and others are mechanical.

The problems in supplying water to population of the region are partially associated with the requirements of environmental protection in the areas of sanitary protection of water supply systems. Therefore it is periodically monitored as to what extent these requirements are met.

Status compliance with the requirements provided by the environmental protection norms have been studied today for 112 water supply systems and headgates. Certain facts of violation of the legislation have been revealed and particular steps are being taken to eradicate them.

2.8 Status of compliance with the requirements of the environmental protection legislation. In order to examine the qualitative conditions of environment, monitoring of status of compliance with the requirements of the environmental protection legislation is carried out as a target program in the sources of active pollution of the sea coastline water and atmospheric air. Within the mentioned program laboratory researches were conducted for 178 samples of water in 2009 (122 industrial

effluent waters' and 56 rivers' background indicators). Water sample analyses were carried out against the background indicators of rivers and those of effluent waters coming from industrial facilities located along the Black Sea coastline. The following are the parameters of the analyses: PH, needs for biological oxygen O₂, nitrites, nitrates, sulphides, ammonia, ammonium, and phosphates. Most of small river water collector basins represent densely populated areas that negatively affect them. **People living there often use these water protection areas for landfills.** Similar violations were discovered for water protection areas of the rivers Mejinistskali, Korolistskali, and Bartskhani. Besides, **the riverside industrial facilities do not fulfil the environmental requirements aimed at maintaining ecological equilibrium nearby small rivers.** In water protection lines (zones) of small rivers and their effluents **sanitary sewage waters get into streams without relevant filtration causing bacteriological pollution.**

Table 4. Pure Water Consumption by Municipalities in 2001-2009 (thousand m³)

Municipalities	2001	2002	2003	2004	2005	2006	2007	2008	2009
Batumi	31378	24434	32092	34400	32640	32230	32020	32022	35044
Kobuleti	8275	7980	6914	7921	7950	8165	8075	8903	13706
Khelvachauri	918	980	1017	1013	1099	1194	1180	1020	11586
Qeda	1390	1450	1697	1359	1950	1850	1899	1950	11731
Shuakhevi	1680	1640	1465	1399	1749	1959	1320	1741	11605
Khulo	2240	2192	2317	2514	2524	2197	2770	2765	11897

Sources: Division of Environmental Protection and Natural Resources of the Ajara AR

Table 5. Waste Water Discharge by Municipalities in 2001-2009 (thousand m³)

Municipalities	2001	2002	2003	2004	2005	2006	2007	2008	2009
Batumi	22420	21200	19825	25880	24287	22416	23016	23316	25195
Kobuleti	1620	1410	1218	1340	1180	1320	1285	1658	2183
Khelvachauri	200	301	320	167	195	344	140	160	544
Qeda	209	210	294	288	268	195	140	182	606
Shuakhevi	212	240	289	255	264	250	220	248	560
Khulo	240	264	225	205	165	347	313	244	628

Sources: Division of Environmental Protection and Natural Resources of Ajara AR

Rural water head gates and their feeding sources were examined in the Autonomous Republic of Ajara by 2008. It was decided that their ecological condition did not meet minimum requirements of environmental protection provided by operating conditions. Particularly, none of them had strict sanitary control areas (first order) separated, and water collector facilities were worn out being in disrepair. The structure of nitrates, phenols, heavy metals, and oil products in waters of shallow wells (30 wells) in service significantly exceeded the Maximum Acceptable Concentrations (MAC).

2.9 Water Power Resources

Water power resources are the most significant natural wealth of Ajara. Rivers that exist here are supplied with waters from melting snow, rains and underground steams, and belong to the Black Sea basin.

Water power potential of the region is quite strong and within-year inflow distributions of rivers are very diverse (single peaked, double peaked, and with almost equal hydrographs). This creates the most favourable conditions for **construction of small hydro power plants over the inflows** as the **geological and ecological situation do not allow arranging water reservoirs.**

Georgia has a quite good experience in the construction of small hydro power plants. In late 1940s of the 20th century several small hydro power plants started operating. During 1945-1050 about 30 small hydro power plants were built in Ajara with the capacity of 1176 kilowatts. It is to be mentioned that 6 small hydro power plants (with the total output of 2200 kilowatts, or 35% of the overall capacity) out of 17 constructed on the territory of the former Soviet Union during 1898-1913 were built in Georgia, including Ajara (Chakvi Hydro Power Plant with the capacity of 177 kilowatts)

- In terms of hydro power resources Ajara is one of the richest regions. Obviously it is progressing in this direction. The index of Ajara exceeds the 244 kilowatts per hour/km².
- In terms of power engineering, rivers in the region are very strong. These are Chorokhi, Acharistskali, Chirukhistskali, and Kintrishi rivers. The most abundant river among them is Chorokhi. In Georgia it is present only with the rear part of its river head.
- According to experts' calculations the potential capacity of Ajara is 1000 megawatts which generates 8760 million kilowatts/hour per year. The capacity from 50 to 92 million kilowatts/hour was generated during the last 20 years which is only 1% of its potential.
- In case the hydro power plants suggested above are built, additional 239.1 megawatts will become available and the electric power of 1531.25 megawatts will be generated per year. Experts calculated that for these purposes 287.03 million USD investments are needed.

2.10 Hydro Power Plants Operating in Ajara

There are **5 hydro power plants** in Ajara operating under the license of the Georgian National Commission on Energy Regulation. Their overall capacity is 22.2 thousand kilowatts/hour and annual energy generation is 28.5 million kilowatts/hour which is only 0.8% of the whole potential of Georgia.

The total output of hydro power plants is 23,518 megawatts and the annual output is 55 000-83 000 thousand kilowatts/hour.

There is only one medium capacity hydro power plant in Ajara. Others generate smaller output.

Table 6. Hydro Power Plants in Ajara

Name of HPP	Output of HPP (tons ²)	Power Generation in million kilowatts/tons	Ownership
HPP Atshesi	16.00	4.00	Private
HPP Machakhela	1.43	7.09	Private
HPP Kinkisha	0.74	2.27	State
HPP Sanalia	3.00	13.00	Private
HPP Achi	1.03	2.14	State
Total	22.20	28.50	

Sources: Division of Environmental Protection and Natural Resources of Ajara AR

3. Atmospheric Air Quality and Sources of Pollution

Every year the Division registers hazardous substances released from fixed sources. During 2009 the **amount of hazardous substances emitted from fixed sources into the air basin of Ajara was 17567.8 tons**. Out of this 17099.2 tons were gases and liquids and 468.6 tons were solid substances (dust).

Table 7. Pollution of Atmospheric Air by Hazardous Substances Released from Fixed Sources by Municipalities

Municipalities	2001	2002	2003	2004	2005	2006	2007	2008	2009
Batumi	26300	24100	24640	28063	31452	27935	26404	19449	17198
Kobuleti	25	37	23	40	35	49	45	31	11
Khelvachauri	5900	6300	5100	8692	9150	8700	11200	6300	356
Qeda	3.2	3.4	2.7	5.0	5.0	4.5	7.0	4.0	1,72
Shuakhevi	0.4	0.3	0.4	0.5	0.5	0.5	0.6	0.6	0,5
Khulo	0.4	0.3	0.4	0.5	0.6	0.6	0.5	0.4	0,6

Sources: Division of Environmental Protection and Natural Resources of Ajara AR

There are 13544 tons of carbon, 24,4 tons of sulphur anhydride, 21,7 tons of nitrogen acid, 2491,1 tons of hydrocarbon, 45,6 tons of carbonic acid, and 969,4 tons of other substances in the hazardous gases and liquids emitted into atmosphere.

Out of all hazardous substances emitted by fixed sources during the reporting year 422.8 tons were caught and neutralized. It means that no air cleaning and dust catching equipments are present or their efficiency is too low that is negatively reflected on the qualitative indicators of the region's environment.

During the reporting period 41,8% (7179 tons) of total amount of hazardous substances released into the region's air basin accounts for the Batumi Oil Terminal Ltd. Among them were 12,9 tons of sulphur anhydride, 13.3 tons of nitrogen acid, 15,5 tons of carbonic acid, 2341 tons of hydrocarbon, and 4796,3 tons of carbon emitted.

Within the target program on "Monitoring the Status of Fulfilment of the Requirements of the Environmental Protection Legislation in Active Sources Polluting Sea Coastline Waters and Atmospheric Air" 40 air samples were taken in 2009 (22 on industrial emissions and 18 on background environmental condition). The air analyses comprised the following parameters: dust, SO₂, NO₂, SO₄, H₂S and CO. Within the framework of the mentioned program the violations of the environmental legislation were revealed in Zimo-7 Ltd and the asphalt and concrete plant of "Gzebi" Ltd (Roads). Concentration of hazardous substances was recorded at a maximum acceptable level nearby their sanitary protection zones and all measures provided by the law were taken against them.

Before holiday season starts in the Autonomous Republic of Ajara, polluting enterprises located along the coastline are submitted a written notice and recommendations in order to establish control on the implementation of the qualitative norms of environmental protection and to strengthen self-monitoring system (80 facilities).

4. Minerals

There are several mineral deposits on the territory of Ajara. These minerals are the raw materials for black metallurgy, chemical and food industries, agricultural chemistry and other fields, as well as construction industry, ceramics production, lamprophyre for jewellery, similar article production, as well as inputs for glass and bottle manufacturing.

Table 8. Mineral Deposits and Reserves of the Ajara AR by Municipalities

N	Name of Deposit	Reserves (mln. m³)	Notes
1	2	3	4
K O B U L E T I			
1	The Dagvi tuff brakes deposit	1,14	deposit territory populated
2	Deposits of haydite sand, brick earth and fire clay in the region of Kobuleti.		Reserves written off due to passing 35 years from its discovery
	a) The Ochkhamuri haydite sand deposit	2,02	Material is usable for producing claydite gravel
	b) The Tsetskhlauri fire clay deposit	1,8	Reserves written off
	b) The Jikhanjuri brick earth and ceramic clay deposit	1,03	Deposit not processed, reserves written off
3	The Khalistavi gabbro and diorite deposit	1,8	
4	The Khalistavi gold show		To be explored
5	Chakvistavi gold show		To be explored
K H E L V A C H A U R I			
6	Chorokhi sand and gravel deposit	0,84	Not recommended to extract the material due to negative dynamics of the Batumi coastline water area
7	The Akhalsheni tuff brakes and porphyry deposit	11,0	
8	The Khekru diorite and porphyry deposit	1,1	
9	The Kirnati gold show		To be explored
10	The Maradidi gold show		To be explored
11	The Charnali gold show		To be explored
Q E D A			
12	The Merisi gold deposits:		
	a) Obolo-Kanki-Kaia		To be explored
	b) Varaza		To be explored
	c) Tskalbokela		To be explored
	d) Verkhnala		To be explored
	e) Veliburi		To be explored
	f) Vaio		To be explored
13	The Merisi copper and polymetallic deposit	108,84	Reserves approved in 1955-1970

14	The Dzekara-Lashe alunite deposit	2,3	Forcasted reserve
15	The Dologani andesite and porphyry deposit	7,36	
16	The Namonsastrevi facet and diorite deposit	0,5	
S H U A K H E V I			
17	The Zhanivri gabbro deposit	1,4	
18	The Sanalia andesite and dacite deposit	0.45	
19	The Tsablana-Didgele sulfur and pyrites deposit	75,0	Forcasted reserve
20	The Brili brick earth and ceramic clay deposit	1,02	
K H U L O			
21	The Danisparauli andesite and dacite deposit	2,3	Ensuring production supplies for 73 years

Sources: Division of Environmental Protection and Natural Resources of Ajara AR

5. Waste and Chemical Substances Management

5.1 Waste Collection and Transportation System

The management system of household solid wastes from residential areas and organizations located in the Autonomous Republic is organized by the Batumi City Municipal enterprise “Sandasuftavebis Samsaxuri” (Sanitary Cleaning Agency) Ltd. **Waste is collected mainly in the following three ways: using bunkers, containers, and bells.** The bunker system (garbage chutes) is basically used in multistory (9 and up) houses in Batumi, Kobuleti, and Khelvachauri. There are 320 residential houses in total. Garbage chutes and bunkers are the parts of these buildings. Their capacity is 2-3 m³ allowing 2 days (from one waste disposal to another) to collect the trash. **The bunker system application index is 15%.** The index for the **container system application is 75%.** Containers (0.18-1.1m³) are placed in streets near buildings, schools, kindergartens, and other institutions. Wastes from these containers are collected by special dustcarts. **The bell system is applied in the remaining 10% of cases.** Such service is used mainly in suburbs and mountainous rural territories.

Existing technological line of household solid waste formation, collection and removal cannot ensure waste sorting by personnel; however drivers, loaders and street cleaners sort out scrap metals, plastics, glass bottles and other domestic articles themselves, thus getting additional benefits to support their families.

Transportation of household solid wastes in the Autonomous Republic is done using special container trucks of foreign make, however open bottom vehicles are used for transporting construction wastes. In total there are **31 special vehicles used in the region for waste transportation.**

Big portion of household solid wastes gathered on the territory of Ajara accounts for the coastline territory, Batumi City and Kobuleti. However in Khelvachauri, Qeda, Shuakhevi, and Khulo regions waste is collected from population of small towns only, and no trash is picked in rural areas.

The Batumi City is relatively clean. It is equipped with new waste collecting containers and special trucks, and the garbage is gathered on regular basis.

5.2 Dumping Places

There are **two dumping polygons operating** today on the territory of the Autonomous Republic. However none of them is duly equipped. The total area occupied by acting dumping sites is 24 hectares, out of it 19 hectares are occupied by the Batumi and Khelvachauri dumping polygon located in village

Adlia in Khelvachauri. The Kobuleti dumping polygon is arranged on the area of 1,5 hectares. The Qeda, Shuakhevi, and the Khulo municipality dumping sites were located in the Acharistskali river gorges, but these are now suspended.

However, **there are yet many unauthorized dumping places on the territory of the Autonomous Republic**. In particular, such dumping sites are situated in the Batumi upper military village (gorodok), Tamari's settlement, Chakvi in the Kobuleti region, Ochkhamuri, nearby the sanatorium Sakartvelo (Georgia), Makhinjauri in the Khelvachauri region, along the Makho-Erge motorway, and the Gonio settlement, in the Atshesi settlement in the Qeda region, near the Skhefi turn in the Shuakhevi region, and on the territory of the Beshumi resort in the Khulo region. In total there are more than **20 places where dumping sites are being uncontrollably arranged**. Therefore, the **contaminated area is exceeding 5 hectares**.

Toxic and hazardous wastes as well as inert remains are deposited at the existing household solid waste dumping places of the Autonomous Republic, **where no environmental conditions are met**. All of them represent an active pollutant to the environment. **Atmospheric air, water reservoirs and soil are getting contaminated when these dumping places are operated**.

Sanitary and hygienic requirements and conditions are also violated while dealing with waste. Extraneous citizens are actively working on the dumping places where they collect scrap metals from wastes conserved earlier, glass bottles and other domestic articles; besides, cattle gets into the territories of dumping sites for feeding. The 4.5 hectare dumping polygon territory has been washed off by the river Chorokhi.

5.3 Territories Contaminated by Wastes

In 2009 while conducting environmental monitoring the Division discovered that the environment was polluted by expired pesticides, oil residues, used oils and useless chemical substances. Very often these toxic substances are placed on the territories of manufacturing enterprises.

There are 10 000 tons of acid tar, 9500 tons of oil slime, and 2500 tons of aluminosilicate adsorbent piled on the territory of the **Batumi Oil Processing Plant Ltd**. The soil has become contaminated due to malfunctions that took place historically in different periods here which also represents a permanent source of pollution for the river Bartskhani through underground streams. The area of the contaminated territory is about 5 hectares.

There are 2,5 tons of oil residues (masut), and 20 tons of plastic remains in the **Batumi Mechanical Plant Ltd**.

The Ludi Batumuri Ltd (the Batumian Beer) keeps 200 kg of ammonia chemical substance placed in a special reservoir for technological process. 1.4 tons of masut residues are also deposited on the territory of the boiler plant.

There are 4000 kg remains of 20 different useless chemical substances on the territory of **the Transformer and Electric Equipment Ltd**.

1400 liters of used transformer oil are kept on the territory of **Energo-Pro Georgia JSC**. Besides, oil products were spilled on the territory of the enterprise. The washed-off waters are drained into the sedimentary equipment which is filled up and leaks over to different areas of the plant, causing contamination of the environment through tailraces. Most of these facilities are operating at a little load.

5.4 Residues Hazardous (Toxic) for the Environment and Human Health are Produced During the Technological Process,

particularly:

- oil residues (used oils, masut, oil slime);
- residues of toxic substances of halakic production (heavy metals);
- articles of domestic use (used batteries, refrigerators, air conditioners, TV sets, accumulators, and etc.)

5.5 **The system of hazardous medical waste product management started in Ajara.** Namely, the project on “Medical Waste Product Management in Batumi and Kobuleti” was worked out within the last two years by the Division of Environmental Protection and Natural Resources of the Autonomous Republic of Ajara and implemented by the Batumi Municipality with co-financing from the EU. The team established and equipped with special technology on the basis of Sandasuftaveba Ltd (Sanitary Cleaning) started medical waste product collection and transportation. As a result of the project the **management of about 40 tons of hazardous medical waste products became regulated.**

5.6 **In recent years the budget expenses are significantly increased on environmental protection,** particularly on street cleaning, tailrace industry, collection of domestic wastes, and carrying out utilization activities. Expenses on waste collection, processing and utilization are significantly increased in Ajara. For these purposes more than 5.6 million GEL were spent in 2009, and 6.2 million GEL are planned for 2010. The expenses for the management of waste waters are also increased which, together with relevant zone enlargement will result in the improvement of service quality.

Table 9. Dynamics of Expenses Spent from Budgets of Self-Government Entities and the Republic on Environmental Protection Activities

(GEL)						
Name	2005	2006	2007	2008	2009	2010
Budget of the Ajara AR	860 400	1 555 700	1 540 900	1 934 500	1 758 300	3 229 500
Batumi	1 629 759	1 986 291	5 630 978	6 305 500	9 055 600	15 715 400
Kobuleti	127 928	132 700	559 862	779 239	844 396	1 250 100
Khelvachauri	47 900	46 410	78 860	590514	412628	488 900
Qeda	8 500	8 368	21 705	19971	24 000	25 000
Shuakhevi	23 500	14 000	46743	47861	138 044	70 000
Khulo			23 500	51 699	38 191	45 000
Total in Ajara	2 697 987	3 743 469	7 902 548	9 729 284	12 271 159	20 823 900

Source: Ministry of Finances and Economics of the Autonomous Republic of Ajara

6. Land Resources

6.1 Overview of Land Resources

There are **48 eroded land parcels registered** on non-agricultural lands in the **Khulo and Shuakhevi Municipalities.**

Khulo Municipality – 22 cases;

Shuakhevi Municipality – 26 cases;

As a result of monitoring carried out to identify degraded lands in the **Kobuleti and Khelvachauri Municipalities 1040,43 hectares of agricultural land were recorded on 68 properties,** out of which **979,48 hectares** of mainly arable lands and tea plantations **are degraded after being bogged.** 170

hectares are heavily bogged, while 546.9 hectares and 262.58 hectares, respectively, are moderately and slightly bogged. **The 60.95 hectares are degraded as a result of pollution** from construction, domestic use and oil products, as well as **due to other anthropogenic impacts**.

Table 10. Analysis of the monitoring results on purposeful utilization and protection of land, as well as changes in land designation (swapping their categories)

Municipality	Unauthorized Occupation and/or Exploitation of State Owned Land Parcels Without Having Land Ownership Rights (Administrative Code, Article 55)	Misapplication of Land (Administrative Code, Article 53)
Kobuleti	544	12
Khelvachauri	222	133
Qeda	75	22
Shuakhevi	49	9
Khulo	67	49
Total	957	225

Sources: Division of Environmental Protection and Natural Resources of the Ajara AR

Concerning the matters provided by the coordination plan of the Division for studying spontaneous geological processes (landslide, mudslide, erosion) on lands with forest resources and registering areas with sparse and eroded forest territories where renovation activities are needed to be carried out:

110 spots were scheduled to be observed for keeping records on them according to the data provided by the forest resources management unit of Khulo, Qeda, Khelvachauri and Kobuleti i. As a result of on-site visits the information about 6 spots was collected. In total 116 places with the area of 2372.44 hectares were examined. Natural self-renewal processes are occurring on 49 spots with the area of 1679.94 hectares. Forest recovery activities are to be carried out on 67 spots with the area of 1832 hectares which requires fencing about 82885 running meters.

6.2 Melioration

Road and Melioration Systems Department of the Autonomous Republic of Ajara provides services for irrigation systems of Khulo, Shuakhevi, and Qeda Municipalities as well as drying systems of Khelvachauri and Kobuleti Municipalities. There are different climatic soil conditions in the municipalities of the Autonomous Republic. Crops are influenced by droughts in mountainous municipalities, at the same time high precipitation in the lower municipalities causes excessive humidity. Therefore, the Department has to work in two directions, first, to irrigate lands during droughts; second - to dry areas with excessive humidity. There are 8482 hectares of irrigation land out of which 6963 hectares are agricultural lands.

There is in total 1836 hectare area with a drying system in the Khelvachauri Municipality where 1093 hectares are agricultural lands.

The drying system network in the Kobuleti Municipality is arranged only for 3550 hectare area with 2343 hectares of agricultural lands.

Waters received from feeders, streams and regulated inflows of the river Adjaristskali are used as sources for irrigation in the Autonomous Republic. The water intake facilities basically are primitive non-engineer constructions made of piles of stone which get damaged easily during floods and the Department has to restore them very often during the irrigation period. **Irrigation areas are mainly located in mountainous regions where sewage irrigation method is applied.**

The overall length of interfarm irrigation canals is 235.9 km irrigating 1888 hectares of land. 4978 hectares are irrigated by intrafarm canals. In total 498.5 km of local intrafarm canals are used to irrigate land areas.

The Road and Melioration Systems Department of the Autonomous Republic of Ajara accounts 2 irrigation and 1 drying pump stations.

7. Forest Resources

7.1 Amount and Types of Ajara's Forest Resources

Table 11. Forest Area and Timber by Municipalities in 2005-2009

Municipalities	Number of Woodlots	Number of Blocks within a Woodlot	Forest Area
Kobuleti	4	130	23790,8 ha
Khelvachauri	4	170	23470,8 ha
Qeda	3	269	37679,5 ha
Shuakhevi	3	183	39980,3 ha
Khulo	3	139	37182.2 ha

Sources: Division of Environmental Protection and Natural Resources of Ajara AR

Table 12. Timber Resources in the Forests of Ajara – Areas and Reserves

Type	Area (ha)	Reserves (m ³)	Area (%)	Reserves (%)
Coniferous	45237	16720600	28,30	39,58
Leaf	114592	25522700	71,70	60,42

Sources: Division of Environmental Protection and Natural Resources of Ajara AR

Table 13. Types of Timber

Name	Area	Reserves (m3)	Area (%)	Reserves (%)
Total	159829	42243300		
Fir-tree	19213	8406000	12,02	19,90
Spruce	24321	7997400	15,22	18,93
Pine tree	1587	298500	0,99	0,71
Cryptomery	166	18700	0,07	0,04
Beech	64697	18604900	40,48	44,04
Oak	6804	715100	4,26	1,69
Hornbeam, Carpinus Orientalis	5576	786000	3,49	1,86
Chestnut, Walnut	20301	4202000	12,7	9,95
Maple, Ash-tree, Elm	31	8200	0,02	0,02
Alnus	9794	1060400	6,13	2,51
Asp, Willow	217	142000	0,14	0,03
Tulip Tree	35	6600	0,02	0,02
Linden	104	13400	0,07	0,03
Acacia, Galicia	64	9300	0,04	0,02
Persimmon	51	4300	0,03	0,01
Box tree, Eucalyptus	106	11700	0,07	0,03
Bushes	6812	86600	4,26	0,21

Sources: Division of Environmental Protection and Natural Resources of Ajara AR

Table 14. Timber Resources of Kobuleti Municipality – Areas and Reserves

Type	Area (ha)	Reserves (m ³)	Area (%)	Reserves (%)
Coniferous	875	366300	3,76	6.65
Leaf	22404	5146000	96.24	93,35

Sources: Division of Environmental Protection and Natural Resources of Ajara AR

Table 15. Timber Resources of Khelvachauri Municipality – Areas and Reserves

Type	Area (ha)	Reserves (m ³)	Area (%)	Reserves (%)
Coniferous	341	94500	1,46	2,51
Leaf	22948	3669600	98,54	97,49

Sources: Division of Environmental Protection and Natural Resources of Ajara AR

Table 16. Timber Resources of Qeda Municipality – Areas and Reserves

Type	Area (ha)	Reserves (m ³)	Area (%)	Reserves (%)
Coniferous	889	253200	2,39	2,11
Leaf	36244	11724700	97,61	97,89

Sources: Division of Environmental Protection and Natural Resources of Ajara AR

Table 17. Timber Resources of Shuakhevi Municipality – Areas and Reserves

Type	Area (ha)	Reserves (m ³)	Area (%)	Reserves (%)
Coniferous	21080	9502100	53.60%	68.09
Leaf	18250	4452300	46.40%	31.91

Sources: Division of Environmental Protection and Natural Resources of Ajara AR

Table 18. Timber Resources of Khulo Municipality – Areas and Reserves

Type	Area (ha)	Reserves (m ³)	Area (%)	Reserves (%)
Coniferous	22052	6504500	59,93	92,46
Leaf	14746	530100	40,07	7,54

Sources: Division of Environmental Protection and Natural Resources of Ajara AR

7.2 Forest Resources Protection Status

Table 19 Forest Resources Protection by Municipalities in 2005-2009

Name of Forest Section	2005		2006		2007		2008		2009	
	Size (m ³)	Damage (GEL)	Size (m ³)	Damage (GEL)	Size (m ³)	Damage (GEL)	Size (m ³)	Damage (GEL)	Size (m ³)	Damage (GEL)
Kobuleti	410	17982	543	59964	389	31358	100,6	3519,97	202,39	12625,43
Khelvachauri	763	26954	386	21922	233	14047	135	7485	617,18	55007,38
Qeda	517	18642	361	34325	371	30999	360,23	12866,7	711,38	48670,98
Shuakhevi	423	8242	878	58541	437	24350	410,32	33187,8	513	20114,88
Khulo	563	13552	1669	111061	573	43521	197.3	5623.8	420,46	12516,64
Total	2676	85372	3837	285813	2003	144275	1203,45	62683.3	2464,41	148935,42

Sources: Division of Environmental Protection and Natural Resources of Ajara AR

Chopping of special type of trees as well as excavated/broken woods was permitted in the Autonomous Republic in 2009 and the 130 478 m³ of forest was picked up for the development (7 871 m³ for timbering and 12 2607 m³ firewood purposes). 81 100 m³ has already been developed so far (5 923 m³ of timbering, 75 187m³ of firewood)

Table 20. Chopping of Excavated/Broken Woods and Forests Chosen for Development (2009)

Name of the Unit Managing Forest resources	Chopping Type						
	Special Chopping, Excavated – Broken Woods						
	Authorized by the Division (m ³)			Developed (m ³)			
	Timbering (m ³)	Firewood (m ³)	Destroyed (m ³)	Timbering (m ³)	Firewood (m ³)	Destroyed (m ³)	Completed (%)
Kobuleti	808	13662	14470	781	11 739	12 520	87 %
Khelvachauri	592	18412	19004	253	12 452	12 707	67 %
Qeda	133	23873	24006	102	16 841	16 943	71 %
Shuakhevi	2487	20410	22897	1 821	14 035	15 856	69 %
Khulo	3851	46250	50101	2 966	20 120	23 086	46 %
Total	7 871	122 607	130 478	5 923	75 187	81 100	62 %

Sources: Division of Environmental Protection and Natural Resources of Ajara AR

Such performance rates mainly are caused by the lack or defectiveness of forest-specific roads in the chosen chopping places. **18.47km of new roads were built and 91.1km of existing roads were fixed during the previous year in forests of Ajara.** Moreover, the population of Kobuleti consumes natural gas as well as firewood imported from the neighboring region of Guria; while the people living in Dioknisi, Dekanashvilebi, Vashlovani, Rike, and DidAjara communities and the Khulo town of Khulo Municipality use timber brought from Adigeni. **328 752 GEL was raised to the state budget from dues on timber in 2009.**

Systematic forest protection activities were carried out throughout the year of 2009. **522 cases of unauthorized wood chopping were recorded which resulted in cutting of 2 464.41 m³ of timber** (449.2 m³ for timbering, and 2015.21 m³ for firewood) **estimated at 21 309.62 GEL.** Environmental damages incurred are estimated at 148 935.42 GEL. Particular violators have been identified for unauthorized chopping of 2 375.8 m³ of timber (96.4% of cases). Files regarding these cases were submitted to the Inspection for Environmental Protection. The violators were not found only for 3 cases (12.82%) of unauthorized cutting. The materials related to these cases were sent to appropriate bodies of the Ministry of Internal Affairs. There are 205.23 m³ of unauthorized timber (76.14 m³ for timbering, and 129.29 m³ for firewood purposes) remaining on the chopping sites estimated at 3 851.42 GEL. Proper documentation was conveyed to the Inspection for Environmental Protection in order to transfer the mentioned timber to a timber disposing state body (financial agency).

Table 21 Unauthorized Chopping by December 31, 2009

Name	Number of Cases of Unauthorized Chopping	Unauthorized Chopping (m ³)			Sequestrable Timber (m ³)			Damages to the Environment (GEL)
		Total	Timbering	Firewood	Total	Timbering	Firewood	
Kobuleti	79	202,39	41,37	161,02	17,50	1,01	16,49	12 625,52
Khelvachauri	129	617,18	143,28	473,9	66,3	15,92	50,58	55 007,38
Qeda	112	711	122	589	108,73	54,79	53,94	48 670,98
Shuakhevi	124	513	95,38	417,62	12,70	4,42	8,28	20 114,88
Khulo	78	420,46	46,86	373,60	-	-	-	12 516,64
Total	522	2 464,41	449,2	2015,21	205,43	76,14	129,29	148 935,42

Sources: Division of Environmental Protection and Natural Resources of the Ajara AR

The current situation in the field of forest protection was analyzed during the years of 2006-2009. As a result, overall 1 835 cases of unauthorized wood chopping were revealed. 9 508 m³ of trees were cut (2 869.45 m³ for timbering and 6 638.64 m³ for firewood purposes). Damages caused to the country amounted to 641 706.73 GEL. 384.78 m³ of them (266.26 m³ for timbering and 118.52 m³ for firewood purposes) **were turned into** state ownership and transmitted to the Financial Agency under the Ministry of Economic Development of Georgia. Information on timber turned into the state ownership in 2009 is not included in the latest analysis (in total 205.23 m³, out of them 76.14 m³ for timbering and 129.29 m³ for firewood purposes).

7.3 Sanitary and Ecological Situation in the Forests of Ajara

These are the main pests in the forests of Ajara: Cryphonectria parasitica, Aster Blotch Miner (Tischeria Solidaginifoliella), Trumpet Leaf Miner (Tischeria complanella), European Spruce Beetle (Dendroctonus micans), European Spruce Bark Beetle (Jps Typographus L), Sharp-dentated Bark Beetle (Ips acuminatus Eichh Latin). **The area of diseased forest is 11 788 ha which is 7.2% of the overall forest territory in Ajara.** In spite of small scales of the infection spread the situation was still considered as dangerous since these diseases are characterized with high intensity having several distribution focuses, whereas 70-80% of woodland is infected.

8. Black Sea

The Black Sea environmental situation remains alarming since the **deterioration of its ecosystem and the consumption of unstable resources are still continuing.** The ecosystem is threatened by such general contaminators as nutrients (food products) entering the Black Sea through rivers from the facilities located on the ground.

Insufficient cleaning of sewage waters creates favourable conditions for the existence of microbiological contaminators endangering human health and sometimes, prevents the development of a sustainable tourism and aquaculture. Moreover, **penetration of harmful substances, especially oil products might threaten** the ecosystem of the Black Sea again. Presence of oil in the environment is caused by emergency or operative discharges from ships, as well as from the streams drained in from ground-based facilities. At the same time the spread of exotic species resulting from the discharges of ballast waters from ships seriously hit the Black Sea ecosystem.

It is to be mentioned that unforeseen spills of oil products into the sea take place while loading/unloading at the Batumi wharf. The oil products and their residues get into the sea from the territory of the Batumi Oil Processing Factory as well. **The facility which is meant to clean oily**

ballast waters is located only in the Batumi port, but it **does not operate properly**. Therefore the Black Sea coastline has become significantly polluted with oil products since long ago.

Sewers for public and industrial sewage waters and cleaning facilities in the coastline either are out of order or do not exist there at all, resulting in contaminated waters getting into the sea without being cleaned.

Residue stacking sites and their disposal practices do not comply with the environmental, sanitary, hygienic, and construction norms, rules and requirements. **Many unauthorized, spontaneous dumping places are created along rivers and sea coastline causing these residues to be washed off to the sea.**

9. The Ajara Fauna and Flora

Ajara is situated in the north-western part of the place recognized worldwide as a “Hot Spot” of Caucasus. **One of its main priorities is to preserve its unique forest ecosystem.** Species of the Colchis and Mediterranean floras as well as those from the Asian Near East can be found in Ajara. Steppe and semi desert floras can be found on sandy and macadam surfaces. Ajara is rich in adventives (accompanying cultivated plants, basically weed) species (439), making up 23% of whole flora. The number of endemic species is 13. The flora of Ajara encounters up to 1900 species, which are combined into 725 names and 138 families. Forests form more than 10% and grass plants more than 86% of flora. There are 1837 wild species in Ajara. 20 of them are protected by the “Red List” of Georgia.

9.1 Medicinal Plants Distributed in Ajara

Senecio rhombifolius var. *platyphyloides*
Rubia tinctorum var. *iberica*
Crataegus curvicepala
Valeriana alliarifolia
Equisetum arvense
Tussilago farfara
Galega officinalis
Achillea millefolium

9.2 Sparse and Disappearing Species in Ajara

Sphagnum imbricatum
Lycopodium inundatum
Marsilia quadrifolia
Osmunda regalis
Hymenophyllum thunbridgense
Drosera anglica
Nymphaea colchica
Paeoinia macrophilla
Eringium giganteum
Rhamphicarpa medwedewii
Primula megaseifolia
Cyclamen adzharicum
Galanthus alpinus
Galanthus krasnowii

Iris lazica
Mollinia litoralis
Lilium szowitsianum
Panocratium maritimum
Leucojum aestivum
Ruscus hypophyllum
Betula medwedewii
Buxus colchica
Epigaea gaultherioides
Pterocarya pterocarpa
Calluna vulgaris
Quercus pontika
Quercus dschorochensis
Taxus baccata
Ostrya carpinifolia
Rhododendron ungerii
Rhododendron Smirnovii
Arbutus andrachne
Ulmus elliptica
Drosera rotundifolia
Drosera intermedia
Trapa maleevi

9.3 The Shavsheti Endemic Species - Ajara

Dryopteris kemularia
Dryopteris liliana
Angelica adjarica
Campanula makashvili
Centaurea adjarica
Erysimum contractum
Ficaria popovii
Genista adjarica
Hieracium adjaricum
Inula magnifica
Verbascum adzhari
Onosma ambigens subsp. *zurabiana*
Primula megaseifolia
Galanthus krasnovii
Iris lazika
Osmanthus decora
Rhamnus microcarpa
Rhododendron ungerii
Rubus adzharicus
Betula medwedewii

9.4 Fauna in Ajara

Otter	– <i>Lutra lutra meridionalis</i> Ogn.
Caucasian Lynx	– <i>Felix lynx orientalis</i> Sat.
Roe	– <i>Capreolus capreolus</i>
Chamois	– <i>Rupicapra rupicapra</i> L.
Caucasian Brown Bear	– <i>Ursus arctos caucasicus</i>
Wolf	– <i>Canis lupus</i> Linne
Fox	– <i>Vulpes</i>
Jackal	– <i>Canis aureus</i>
Badger	– <i>Meles meles</i>
Wild Pig	– <i>Sus scrofa</i>
Hedgehog	– <i>trinceus europaeus</i>

Birds

Caspian Tetraogallus	– <i>Tetraogallus caspius</i> Gmelin
Falcon	– <i>Falco peregrinus</i> Gmelin
Mountain Eagle	– <i>Aquila chrysaetos</i> Linnaeus
<i>Pandion haliaetus</i> Linnaeus	
Caucasian Heath Cock	– <i>Lyrurus mlokosiewiczi</i> Taczanowskii
Griffon	– <i>Aegypius monachus</i> Linnaeus
Eagle	– <i>Gyps fulvus</i> Hablize
Big White Heron	– <i>Egretta alba</i> Linnaeus,
Little White Heron	– <i>Egretta garzetta</i> Linnaeus,
<i>Cygnus cygnus</i> Linnaeus	
<i>Carpodacus rubicilla</i> Gldenstdt,	

Reptiles

Elaphe longissima Laurenti,

Amphibians

Triturus vittatus Jenins,
Mertensiella caucasicus
Pelodytes caucasicus

Fish

Huso huso Linne
Acipenser nudiiventris Lovetzky
Acipenser stellatus Pallas
Acipenser sturio Linne
Salmo fario morpha labrax
Varicorhinus tinca (Heskel)

9.5 Monuments of Live Nature

Relict – the Chorokhi Oak – precious beech and chestnut forests grove (Chirukhi) – with long-term box-tree underbrush (Machakhela), a tertiary fossil flora relict *Osmanthus dekorus* forest precious grove (Chirukhi), area of distribution – Qeda region, village of Makhuntsevi (nearby Atshesi); long-term the Colchis box-tree forest grove – (Machakhela), common Chestnut – area of distribution – Kobuleti region, Tskavroka.

9.6 Nonorganic Monuments of the Nature

Green Lake, location – upper Ajara, beyond the Goderdzi Zekari at 2040 m above sea level. It is 430m long, 180m wide, and 18-20m deep. Occupies 4500m². Temperature in upper layers is 11-12⁰C, bottom – 6⁰C.

The Goderdzi Fossil Woods, location – regions of Adigeni and Khulo, Mlashe and Riketi Sakrebulo (assemblies), upper basins of the rivers Kobliani and Adjaristskali, at 1600-2000m above sea level.

Preservation Status – Red Book of Georgia (1982)

Black Lake – (Chirukhi) – location – Khulo, the village Khikhadziri, at more than 2000m above sea level

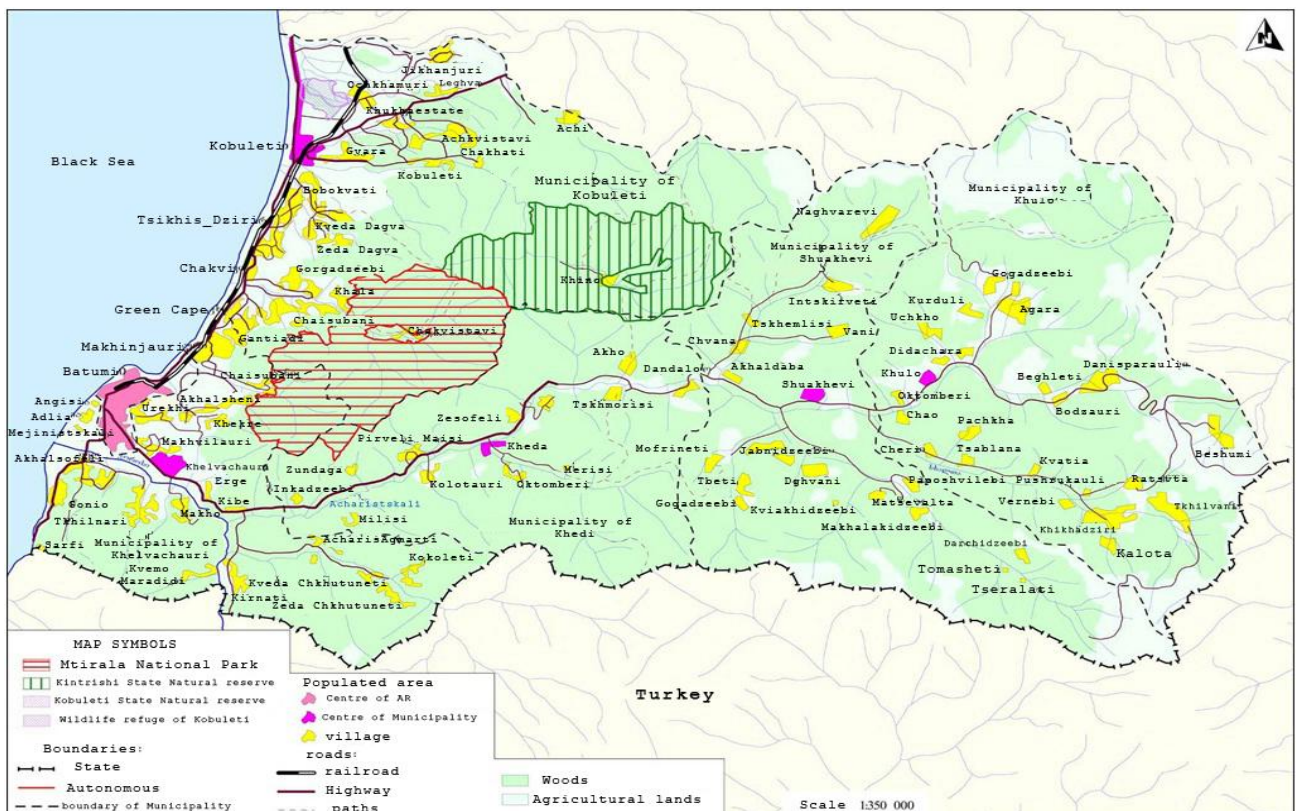
Qvakatsa (Chirukhi) – location – Shuakhevi, at 2350m above sea level. It is composed of three 7m, 5m, and 2m high rocks and is 4-4.5m in diameter.

Preservation Status – included in the Red Book of Georgia (1982)

The Qachori Fridge – location – Khulo, village of Khikhadziri (Mtisubani)

Qva Sveti (Column Stone) – location – Khulo, village Kalota, represents 5-6m high geomorphologic formation

9.7 Preserved Territories



The Mtirala National Park

The park is distinguishable with the diversity of rare relic and endemic plants. Wildly growing plants of 83 families, 188 names and 310 species are recorded here. Among them are 67 relict and 27 endemic species, including Caucasian Endemia (10), and species of Colchis (10), Georgia (4), Ajara-Lazeti (3) Endemias. 15 species of wood plants distributed on the territory of the Mtirala National Park are included in the “Red List” of Georgia. Significant part of the territory is occupied by phytocenosis of the mixed Colchis type leafy woods dominated by beeches. Also there are 57 species of medicinal plants growing on the territory of the park. Besides, lynx and Falco Cherrug are entered into the “Red List” of Georgia with the highest status together with brown bear, eagle, Haliaeetus, Clark’s lizard, Caucasian adder, Black Sea Salmon, and several kinds of insects.

Table 22. Species included in the Red List of Georgia which are found on the territory of the park

	Latin Name	Georgian Name	IUCN Category	National Status
	Mammals			
1	Rhinolophus euryale	Samkhretuli Tskhvirnala	VU	VU
2	Barbastella barbastellus	Evropuli Matsqatela	VU	VU
3	Sciurus anomalus	Kavkasiuri Tsiyvi (Caucasian squirrel)	VU	VU
4	Lynx lynx	Potskhverdi (lynx)		CR
5	Ursus arctos	Mura Datvi (Brown Bear)		EN
6	Rupicapra rupicapra	Archvi ()		EN
	Birds			
		During passage only		
7	Ciconia nigra	Yaryati		VU
8	Haliaeetus albicilla	Tetrkuda Psovi		EN
9	Accipiter brevipes	Qortsqvita		VU
10	Aquila clanga	Didi myivani Artsivi	VU	VU
11	Falco cherrug	Gavazi	CR	CR
12	Falco vespertinus	Tvalshavi		EN
	Reptiles			
13	Vipera kaznakovi	Kavkasiuri Gvelgesla	EN	EN
	Amphibians			
14	Mertensiella caucasica	Kavkasiuri Salamandra	VU	VU
	Fish			
15	Salmo fario	Mdinaris / Tbis Kalmakhi		VU
	Insects			
16	Manduca atropos	Sfinqsi Mkvdartava		EN
17	Deilephila nerii	Oleandris Sfinqsi		EN
18	Callimorpha dominula	Datunela Hera		VU
19	Parnassius apollo	Apoloni	VU	VU
20	Parnassius nordmanni	Kavkasiuri Apoloni		EN
21	Allancastris caucasica	Kavkasiuri Zerintia	VU	VU
22	Erebia hewistonii	Hevistonis Averdula		VU
	Ringworms			
23	Alollobophora kintrishiana	Kintrishis Chiakela		EN

Sources: Division of Environmental Protection and Natural Resources of Ajara AR

CR– under critical extinction alert; E– under extinction alert;

VU – Vulnerable Species

The Ispaani II Reservation and Kobuleti Managed Nature Reserve



There are Kobuleti Protected Area, Kobuleti State Reserve and Kobuleti Managed Nature Reserve on the territory of the Autonomous Republic of Ajara. The unique Ispaani sphagnous and peat bog is located in the lowest part of plain beyond stacks and dunes of the Kobuleti shoreline. The Ispaani II is the first pericycle (impenetrable), sphagnous, and unimpaired swamp in the world. Its area is 331 hectares (the area of Ispani I of the Managed Nature Reserve is 439 hectares) where water losses are reached through evaporation. It is a remarkable bog, almost a lake above the ground. Its surface is blanketed with 25-45 sm. thick live sphagnous which is never covered by water. The peat is non-degradable and contains sphagnous having big and small elastic shape, always under water level.

The greens of the Ispaani sphagnous and peat bogs and adjacent Colchis forests are quite special. Colchis relict and endemic species such as Bast, the Imereti and Hartvisi Oak, Hornbeam can be found here; also there are Ruscus Hypophyllum, Ilex, the precious Colchis box-tree, yellow and the Colchis water-lily, insect eating Drosera, Royal Fern, Common Heather, the Laz and northern Isle growing in the underbrush.

The status – the first unique mossy moor, the Ramsar Protected Area, place for the tertiary relics and endemics period.

The Kobuleti State Reserve is the place for the existence of a Small Asian and ordinary newts and serves as a habitat for fresh-water turtles.

The Kintrishi Reserve



The Kintrishi Reserve is located in Kobuleti region at 450-2000m above sea level in the middle and upper streams of the river Kintrishi. It was founded in 1959. It occupies 13893ha, where 12817ha is covered by forests, 200ha by meadows and 966ha by ponds.

In total there are 1045 plant species protected in the reserve including 25 plant, 22 animal, 102 bird and 6 fish rare species.

It is rich in Colchis forests, relics and endemic plants, including the most significant *Quercus Pontika*, *Betula Medwedewii*, *Rhododendron Ungernii*, *Rhododendron Smirnovii*, bast, and etc. Chestnut forests can be also found here.

10. Natural Geological Occurrences

It is well known that elemental forces of nature become active due to several factors of climatic, geological, and human influences. Territories to be studied are notable with their hilly relief. The Eocene volcanic rocks are shaping its geological structure overlaid mostly with the quaternary dealluvial sediments and with alluvial sediments in the river gorge. In most cases the volcanogenic formations are chemically exhausted and characterized by highly decreased physical and mechanical features. This creates favourable conditions for the development of natural geological processes. The relief morphology also plays significant role in the development of these processes. Gravity processes (crumble, landslides, collapse) are mostly developed on steep shapes with over 25⁰ incline. The main criterion for slope steadiness and landslide processes is the inundation of rocks due to excessive atmospheric sediments. The inundation results from surface as well as underground waters overfilled with penetrated fluids. The slope that shape rocks being inundated has become heavy and distorted statistical balance which was already weak and caused gravity processes. At the same time most of the affected areas are used for agricultural purposes favouring the activation of landslide processes even

more. There are no drain canals built alongside agricultural roads causing the mudslide to run unsystematically contributing to the commencement of geological processes. Significant rise of water level in the river gorge induced side erosion, the erosion of agricultural lands and the flood.

Table 23. Zones and risk areas of possible development of natural geological occurrences on the territory of the Autonomous Republic of Ajara

The Khulo Municipality

Village	Geological Process	Risk Level	Facilities that may become endangered	Engineering and Geological Characteristics
Vashlovani	Landslide, Mudslide	High	Residential houses and regional roads	Activation of landslide processes on the territory is expected in case of excessive atmospheric precipitation
Dekanashvilebi	Landslide	High	Residential houses and regional roads	Physical and mechanical characteristics of the shaping ground favor the development of landslide processes
Gorjomi	Landslide, Mudslide, Erosion	Moderate	Residential houses and regional roads	Low physical and mechanical performance of rocks causes natural geological processes when encountering intensive atmospheric precipitation
Danisparauli	Landslide	High	Residential houses, bridges, Batumi-Adigeni road section	Complex geological, geomorphological and hydrogeological conditions, low physical and mechanical performance of rocks
Riketi	Mudslide	High	Residential houses, bridges, Batumi-Adigeni road section	Complex geological, geomorphological and hydrogeological conditions, low physical and mechanical performance of rocks
Tkhilvana	Landslide, Mudslide	High	Residential houses, brides, section of a rural road	Complex geological, geomorphological and hydrogeological conditions, excessiveness of atmospheric precipitation

The Shuakhevi Municipality

Village	Geological Process	Risk Level	Facilities that may become endangered	Engineering and Geological Characteristics
Jabnidzeebi	Landslide	Moderate	Residential houses, local roads and other facilities	Excessive atmospheric precipitation favours the activation of landslide processes on the territory
Qidzinidzeebi				
Tbeti				
Chanchkhalo	Landslide	High	Residential houses and regional roads	Inundation of heavily dismembered Eocene tuffogenic sediments may cause landslide processes
Buturauli	Landslide, erosion	High	Residential houses, sections of motor roads and bridges	Slopes are within a potential risk area, its activation is expected in case of abundant atmospheric precipitation
Nenia				
Uchamba				
Tsklisakari	Landslide, mudslide, and erosion	High	Residential houses, agricultural lands, motor roads and bridges	Complex geological, geomorphological and hydro-geological conditions, low physical and mechanical performance of rocks
Nagvarevi				
Chvana				

The Qeda Municipality

Village	Geological Process	Risk Level	Facilities that may become endangered	Engineering and Geological Characteristics
Jalabashvilebli	Landslide, Mudslide, Erosion	High	Residential houses, motor roads and other facilities	Excess atmospheric precipitation, instability of rocks creates favourable conditions for the formation of mudslide and landslide processes
Kokotauri				
Dandalo				
Uchkhiti	Landslide, Mudslide, Erosion	Moderate	Residential houses, regional roads	In case of inundation of Tuffogenic sediments favours the development of landslide processes
Lower Bzubzu				
Bzubzu				

The Khelvachauri Municipality

Village	Geological Process	Risk Level	Facilities that may become endangered	Engineering and Geological Characteristics
Makhinjauri	Landslide, erosion	High	Residential houses, crofts, and motor road adjacent to the Kobuleti-Batumi tunnel	Landslide of tuff brakes, laterite clay and loamy soil caused by excessive atmospheric precipitation
Gantiadi				
Mtsvane Kontskhi (The Green Cape)				
Erge	Landslide, Erosion,	High	Residential houses, agricultural lands and internal regional roads	Landslide of tuff brakes, laterite clay and loamy soil caused by excessive atmospheric precipitation
Lower Jocho				
Upper Jocho				
Chaisubani	Landslide	High	Residential houses, crofts	Instability of laterite clay and loamy soil of mid Eocene volcanic rocks
Ortabatumi	Landslide	High	Residential houses, crofts	Instability of laterite clay and loamy soil of mid Eocene volcanic rocks
Kapreshumi	Landslide	High	Residential houses, crofts	Instability of laterite clay and loamy soil of mid Eocene volcanic rocks
Masaura	Landslide	High	Residential houses, crofts	Instability of laterite clay and loamy soil of mid Eocene volcanic rocks
Shalibauri	Landslide	High	Residential houses, crofts	Instability of laterite clay and loamy soil of mid Eocene volcanic rocks
Korolistavi	Landslide	High	Residential houses, crofts	Instability of laterite clay and loamy soil of mid Eocene volcanic rocks
Tsinsvla	Landslide	High	Residential houses, crofts	Instability of laterite clay and loamy soil of mid Eocene volcanic rocks
Tsiqareuli	Landslide	High	Residential houses, crofts	Instability of laterite clay and loamy soil of mid Eocene volcanic rocks
Urekhi	Landslide	High	Residential houses, crofts	Instability of laterite clay and loamy soil of mid Eocene volcanic rocks
Feria	Landslide	High	Residential houses, crofts	Instability of laterite clay and loamy soil of mid Eocene volcanic rocks

The Kobuleti Municipality

Village	Geological Process	Risk Level	Facilities that may become endangered	Engineering and Geological Characteristics
Khala	Landslide, erosion	High	Residential houses, crofts, and motor road adjacent to the Kobuleti-Batumi tunnel	Landslide of tuff brakes, laterite clay and loamy soil caused by excessive atmospheric precipitation
Chaisubani				
Sakhalvasho				
Khutsubani	Landslide, side erosion	High	Residential houses, crofts	Complex geological, geomorphological and hydrogeological conditions, low physical and mechanical performance of rocks, landslide of laterite clay
v.Kobuleti	Landslide, areal erosion	High	Residential houses, crofts	Low physical and mechanical performance of rocks,
Kvirike	Landslide	Moderate	Residential houses, agricultural lands. internal regional roads	Complex geological, geomorphological and hydrogeological conditions, low physical and mechanical performance of rocks, landslide of laterite clay
Atskvistavi	Landslide	Moderate	Residential houses, crofts	Complex geological, geomorphological and hydrogeological conditions causes activation of landslide processes
Sachino	Landslide	Moderate	Residential houses, crofts	Complex geological, geomorphological and hydrogeological conditions causes activation of landslide processes
Chakvis tsitrusebis meurneoba (The Chakvi Citrus Industry)	Landslide	High	Residential houses, roads, riverside wash-out, crofts	low physical and mechanical performance of rocks is favourable for the development of landslide processes
Upper Atskva	Landslide	High	Residential houses, crofts	Slopes are in the high risk area, mid Eocene volcanogenic sediments overlaid by strong dealluvial/elluvial soil
Lower Atskva	Landslide	High	Residential houses, crofts	Landslide of soil covering laterite soil

Sources: Division of Environmental Protection and Natural Resources of the Ajara AR

Pitching works have been carried out in Adlia. 100 000m³ of alluvium was extracted from the issue of the river Chorokhi and applied at Adlia banks. The 3.6km riverfront perimeter was divided into 3 areas. The 1st area (2.3 km from the issue adjacent to the airport) was filled with 15 000m³ of alluvium; the 2nd area (2.3 km from the issue adjacent to the airport) was filled with 70 000m³ of alluvium; and the 3rd area (3.6 km from the issue) - with 15 000m³ of alluvium. Upon the completion of pitching works the shore has risen by 6m in average.

Buildings and facilities damaged as a result of natural disasters were also examined. In total 812 residential houses, and different buildings and facilities were registered on the territory of the Autonomous Republic **from January 1, 2009 to May 20, 2010**. 413 houses are subject to removal to safer places. Remaining houses require different type of reinforcement works to be carried out.

Table 24. Residential houses by municipalities damaged as a result of natural calamities from January 1, 2009 to May 1, 2010

Municipality	Subject to removal to safer places	Total
Khelvachauri	176	613
KobuleTi	118	210
Qeda	28	149
Shuakhevi	34	187
Khulo	57	194
Total	413	812

Sources: Division of Environmental Protection and Natural Resources of Ajara AR

11. Solar and Wind Energy Resources

a. Development of Solar Energy Resources

In recent period solar water heating systems have been introduced in the Autonomous Republic of Ajara. These systems convert solar energy into thermal one which is directly proportional both to the area of a solar battery module and solar intensity, heating up the water running through the collector. The system consists of two main parts - solar collectors and boilers (hot water tank).

The use of solar energy was adopted in:

- the visitor centers of the Kintrishi Protected Areas, equipped with helio systems for electricity supply and water heating installations;
- Rangers house of the Mtirala National Park, equipped with helio systems for electricity supply;
- One-family hotel in the village of Chakvistavi located in the peripheral area of the Mtirala National Park is equipped with helio systems for electricity supply.

For unimpeded performance of solar energy systems the personnel of the Agency of Protected Areas and administrations of the Mtirala and Kintrishi areas have been trained in application of helio systems.

12.2 Wind Energy Potential Evaluation

Wind energy resources and their potential abilities might be utilized in Ajara in terms of thermal and energetic balances. At the moment, however, **the wind energy remains idle.**

The potential resources of the wind energy are determined according to average wind capacity per year, duration and frequency of active velocity.

The wind energy operation speed in Ajara is $V=3$ m/sec (V – wind velocity). The wind energy index is identified based on the evaluations of 50-year metrological facts from metrology stations, located in relevant regions.

The duration of wind's operating speed varied between 3327 – 6243 hours. **The longest wind of a similar type was observed in the Black Sea bay line on the territory of Batumi**, where the wind speed is $V>3$ m/sec and continues for 5220-6240 hours per year, making up 60-70% annually. **It enables wind turbines of low as well as fast activity to be placed and arranged here.**

At seashore the duration of the wind operating speed with >3 m/sec is 60-70%, those of the winds with the speeds of >5 m/sec, $V>3$ m/sec, and $V>10$ m/sec are 20-40%, 9-14%, and 3-8% respectively.

Highest monthly wind speed accounts for wintertime, while the lowest for summertime. Average duration of unstoppable wind in the given line is $V>3$ m/sec and is guaranteed on the territory of Ureki-Batumi varying from 14 toms to 31 hours.

The average speed is based on presented figures. Average wind duration is 99%, guaranteed by all meteorological stations. 12-hour wind is guaranteed in 51-76% of cases, 24-hour wind in 19-28% of cases. The wind continuing for 48 hours makes up 4-6% of cases. In 1% of cases, which happens in Batumi, the index reaches 120 hours.

Multiyear wind tests in Ajara show **that low activity wind installations may be efficiently utilized in the Black Sea bay line.**

The conditions here, **particularly in Ajara, in the Kakhaberi area**, are quite favorable for **the efficient utilization of both low and fast activity turbine installations.** The duration of operating speed is over 6200 hours exceeding annual hours and making up 70%, out of which 40% comes from wind with $V>5$ m/sec.

**13. Funds Spent From the Georgian State Budget on the
Environmental Protection Measures in Ajara**

Table 25. Target programs and measures implemented by the Division of Environmental Protection and Natural Resources of Ajara AR

#	Name of Target Programs and Measures	Costs Incurred
2005		
1	Arranging Nut, Carya illinoensis, and Hazelnut plantations	35,000.00
2	Restoration/Renovation of windproof lines on the roads of Ajara	75,904.00
3	Forest Cultivation Activities on the Eroded Territories	77,000.00
	Total	187,904.00
2006		
1	Forest Renewal and Protection Program	106,384.16
2	Fish Breeding in Batumi Lakes	8,252.00
3	Monitoring of Actual Influences on Atmospheric Air and Waters	14,752.95
4	Measures against Jps Typographus L in the Spruce Groves of the Gomis Mta	35,530.70
5	Forest Cultivation Activities on the Eroded Territories	26,184.00
	Total	191,103.81
2007		
1	Monitoring of Actual Influences on Atmospheric Air and Waters	2,573.00
2	Forest Renewal and Protection Program (treatment and protection)	500.00
3	Forest Cultivation Activities on the Eroded Territories (treatment and protection)	1,644.00
4	Preparing and Updating of Ajara's Geo-informative Atlas	19,446.40
	Total	24,163.40
2008		
1	Forest Cultivation Activities on the Eroded Territories (treatment and protection)	1,304.00
	Total	1,304.00
2009		
1	Monitoring the Situation in Implementation of the Requirements of the Environmental Protection Legislation at the Sources of Active Pollution of Sea Coastline Waters and Atmospheric Air	10,300.00
2	Temporary Enforcement of the Adlia Riverfront with the Alluvium Taken from the Chorokhi Issue	349,254.10
	Total	359,554.10

Sources: Division of Environmental Protection and Natural Resources of Ajara AR

Funds Spent by International and Financial Organizations on the Environmental Protection Measures: Providing Mobile Laboratory estimated at 139 562GEL and Laboratory for Water Analysis (with accompanying parts) estimated at 34 912GEL.

SWOT Analysis for Environmental Protection and Natural Resources

<u>Strengths</u>	<u>Weaknesses</u>
<ul style="list-style-type: none"> - Diversity of natural resources; - Favourable climate conditions and humidity; - Fruitful soil; - Renewed and developing infrastructure: roads, gas, water and electricity supply systems; - Grown interest of regional governments and local self-governments towards environmental concerns; - Uninterrupted power supply; - Organization of waste collection, transportation, processing, and placing; - Presence of hazardous (medical) waste thermal processing plant; - absence of expired residual pesticides; - current measures for improving solid domestic waste management system; - increased interest of local population in environmental issues; - presence of a regional body for environmental protection and natural resources management and increased efficiency; - favorable economic and geographic location; - different biodiversity, protected areas, reserves and national parks; - presence of target programs; - Pitching works; - making visual engineering and geological evaluations; - Minerals and mineral waters in the region; - Significant hydro resources, mineral and pure water reserves, presence of natural (forest and fish) resources; - underground freshwaters and their expected operational reserves of the region; - favourable conditions for building small hydro power plants; - timber reserves acceptable for the development; - presence of wind energy resources and their applicability; - Reducing air pollution caused by energy and industrial facilities; - presence of non-governmental and non-commercial organizations protecting the environment; 	<ul style="list-style-type: none"> - Modest financial reserves; - Insufficient equipment for carrying out environmental monitoring; - Presence of modern dumping places, existence of many unauthorized dumping sites; - low public environmental awareness; - low interest of media towards environmental issues ; - unsatisfactory conditions of water supply systems and spring facilities in number of city region and villages - high erosion risks in Municipalities; - flowing of sewage waste waters into the waterproof areas of small rivers and their issues without being cleaned; their bacteriological contamination; - existence of many niduses of infection - facilities polluting the environment; - incompliance of environmental norms with international standards and their insufficient implementation; - pollution of sea coastline; - Air pollution (from vehicles' exhaust gases); - low application of rivers potential abilities; - irregular development of woods and other plants; - cases of unauthorized wood chopping; - absence of forest-specific and industrial roads and, if any, they are in poor condition; - timber left at chopping sites; - unauthorized use of natural resources in protected areas, social and economic, as well as environmental conflict of interest in certain places; - insufficient monitoring of biodiversity; - there is no toxic and other hazardous residual waste processing and neutralizing factory, or places for stacking such a waste; - absence of evaluation of the influence of dumping places on the environment; - toxic and hazardous residual waste existing in the region;

<p><u>Opportunities</u></p> <ul style="list-style-type: none"> - development of Infrastructure; - development of ecologically clean processing enterprises; - development of new, low risk technologies at enterprises; - equipping regional environmental entities with meteorological and other kind of measuring devices; - Investment projects; 	<p><u>Threats</u></p> <ul style="list-style-type: none"> - possible worsening of ecologic sustainability; - fund-raising-related difficulties; - climate changes in Ajara due to global warming; - amount of fuel consumed by vehicles and energy sector has been increased for the last several years, respectively the emission of dangerous substances into atmosphere is also increasing; - threats coming from oil transportation companies (spills); - environmental contamination threats during emergency situations and accidents;
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STRATEGIC DIRECTIONS:

Environmental Measures Necessary for the Improvement of Quality of both Drinking and Surface Waters

- 1) Studying the problems existing in domestic and rural water supply and getting involved in their settlement;
- 2) **Facilitation** and efficient development of local hydro resources;
- 3) **Purchasing express testing devices to carry out chemical analysis of water; strengthening water quality monitoring;**
- 4) **Prohibition of construction works in river waterproof areas. Participation in ensuring the implementation of environmental requirements in the facilities polluting the environment;**

Measures Aimed at Improving Atmospheric Air Quality

- 5) **Developing effective performance of air and dust catching equipments at fixed facilities polluting atmospheric air and participation in the processes of adopting modern technologies in this regard. Participation in the activities within enterprises ensuring their self monitoring system;**
- 6) Purchasing express testing devices to control quality of vehicles' exhaust gasses and fuel;

Settlement of Problems of Environmental Protection related to the Use of Natural Resources

- 7) **Stimulating the projects utilizing renewable energy resources (hydro-resources, solar and wind energies) and energy efficient technologies;**
- 8) **Participation in demonstrative projects of ecologically cleaner enterprises;**
- 9) **Engaging in the process of elaboration of respective rules and regulations in order to adopt modern environmental protection standards (the use of the best available environmental technologies in the production process by investors: ISO standard - the "Environmental Management Systems: Main Requirements");**
- 10) **Pitching works;**
- 11) **Monitoring of ecologic situation at sites of deposits;**
- 12) Implementation of Underground water monitoring;

Measures Necessary for Management of Waste and Chemical Substances

- 13) **Participation in the activities required for institutional management system of solid domestic wastes, as well as for arranging a new sanitary dumping polygon and shutting down of existing dumping places;**
- 14) **Getting involved in the activities ensuring the system of management of toxic and other dangerous residual wastes;**
- 15) **Participation in drafting of amendments to the legislative acts and bylaws related to the improvement of waste management system;**

Measures Necessary for Rational Utilization of Land Resources

- 16) **Carrying out control on implementation of the requirements provided by the legislation on the management, utilization and protection of land resources; Participation in the processes of distribution, fencing and separation of state lands;**
- 17) **Increasing the functions of the Autonomous Republic of Ajara in the matters of land management and providing draft amendments to the legislation in this regard;**
- 18) **Monitoring the measures against soil erosion;**

19) Participation in the procedures of removing territories from forest lands and including them in the list of state lands, as well as in preparation of relevant administrative acts;

Measures Necessary in Utilizing Forest Resources

- 20) Providing forest protecting personnel with proper material and technical equipment. Controlling activities in this direction;
- 21) Struggling against forest diseases and pests, as well as taking forest restoration, renewal and fire-prevention measures in order to maintain diversity of forest ecosystems; providing favourable conditions to attract private investments;
- 22) Drafting initiatives for the improvement of legislative basis related to the reforms in the system of a forest industry;
- 23) Engagement in the process of elaboration of integrated strategy and action plan for guiding the process full forest stock-taking and detailed analyzes of its agro-ecological, social and economic aspects, as well as local forest resources management and related sustainable forest industry;
- 24) Building of new forest industrial roads in woodlots and forest blocks for securing local population with heating firewood at specified chopping places;

Hunting and Fish Breeding Industries

25) Facilitation of further development of hunting and fishing industry;

Measures Necessary for Preventing Pollution of the Black Sea

- 26) Environmental monitoring of the Batumi and Kobuleti sewage and drainage waste water header collectors and cleaning facilities;**
- 27) Participation in the management of abrasive processes of the coastline;
- 28) Ensuring the engagement into the system of monitoring of the Ajara sea coastline and water quality; Monitoring of fluids and ballast waters flowing into the Batumi sea port; Participation in elaboration of response plans, if necessary, during the emergency oil spills;**

Measures Necessary for the Protection of Biodiversity

- 29) Participation in development of protected areas, as well as in sustainable use of self renewable resources, evaluation of current state of species and habitats, and planning and implementation of conservation activities in order to maintain biodiversity;
- 30) Creation of biodiversity monitoring team and carrying out monitoring following the predetermined methods and objects;**

Common Environmental Protection Measures

- 31) Increasing public environmental awareness;
- 32) Participation in the activities necessary for including the Ajara shore beaches and wharfs into the “Blue Flag” program;
- 33) In order to implement functional tasks existing before the Division of Environmental Protection and Natural Resources of the Ajara Autonomous Republic it is advisable and necessary to raise its status to the **Ministry of Environmental Protection and Natural Resources of the Ajara Autonomous Republic.**

Chapter 3. Tourism

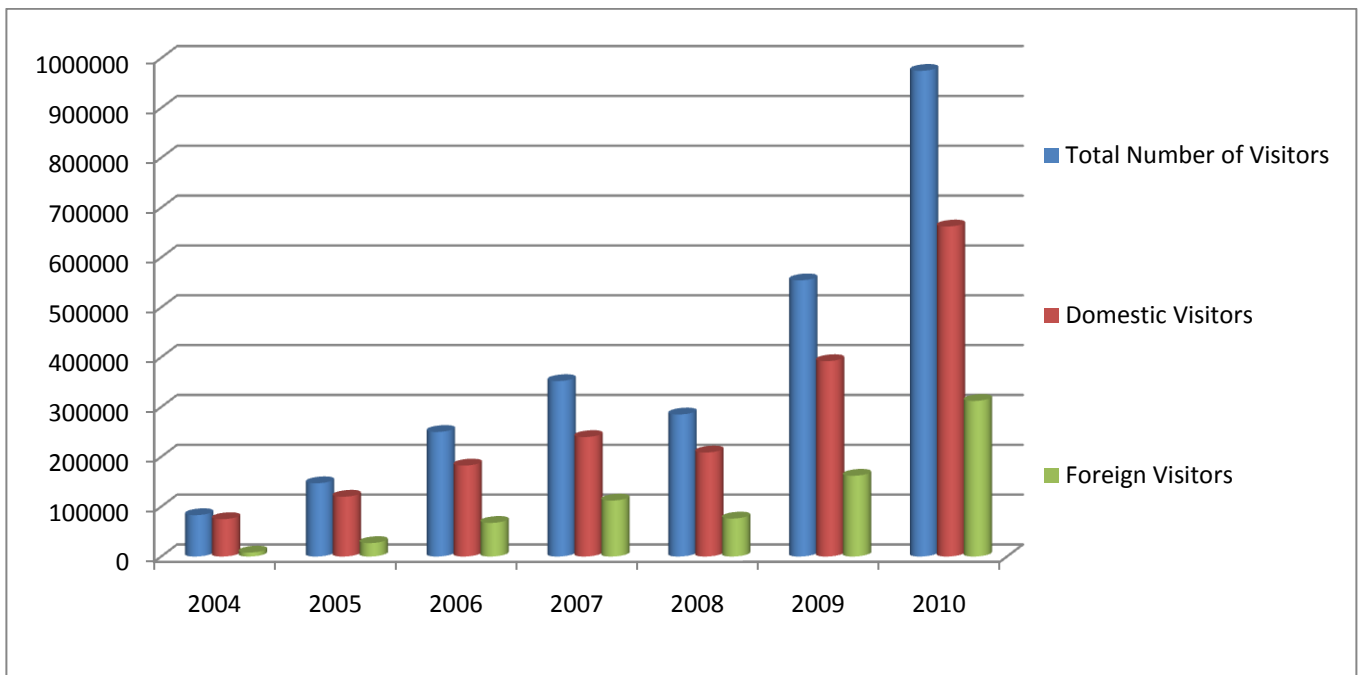
1. Number of Visitors in the region of Ajara by Years (see Table 1, Chart 1)

Table 1. Dynamics of Numbers of Visitors in Ajara AR (2004-2010)

Name	2004	2005	2006	2007	2008	2009	2010
Total number of visitors	83000	147000	250000	352085	285000	554150	974563
Including domestic visitors	75000	120000	182523	239786	208782	392091	662288
Foreign visitors	8000	27000	67477	112299	76218	162059	312275

Source: Department of Tourism and Resorts of Ajara AR

Chart 1. Dynamics of Numbers of Visitors in the Ajara AR (2004-2010)



Source: Department of Tourism and Resorts of the Ajara AR

2. **The number of visitors in the region of Ajara by courtiers as of December 1, 2010** (Table 2). Turkey is on the first place by the number of visitors going to Ajara (14%), while Armenia remains second (10.2%). Azerbaijan makes up 4.5% of all tourists, Ukraine 0.8%, and Iran 0.5%.

Table 2. Number of Visitors in Ajara by Countries (2010)

Year	Total	Domestic	Foreign, total	Azerbaijan	Turkey	Iran	Israel	Armenia	Ukraine	Other
2005	147000	120000	27000	1700	2369	230	55	20000	250	2396
2006	250000	182523	67477	2498	10062	514	105	46273	1349	6676
2007	352085	239786	112299	4628	39588	634	956	54996	1785	9712
2008	285000	208782	76218	3757	30804	330	1740	26130	1704	11753
2009	554150	392091	162059	12811	70476	232	405	60636	2309	15190
2010	974563	662288	312275	43970	136341	4536	967	98995	7706	19760
growth (%) against respective figure in 2009	75,9	68,9	92,7	243,2	93,5	1855,2	138,8	63,3	233,7	30,1
growth (%) against respective figure in 2008	241,9	217,2	309,7	1070,4	342,6	1274,6	-44,4	278,9	352,3	68,1

Source: Department of Tourism and Resorts of Ajara AR

3. **15.4% of all foreigners entering Georgia in 2010 visited Ajara.**

Table 3. Number of foreigners visiting Georgia, including Ajara (2004-2010)

Name	2004	2005	2006	2007	2008	2009	2010
Georgia	368 312	560 021	983 114	1 051 769	1 290 107	1 500 049	2 032 586
Ajara	8 000	27 000	67 477	112 299	76 218	162 059	312 275

Source: Department of Tourism and Resorts of Ajara AR

4. **85,6% of tourists entering Ajara in 2010 visited the municipalities of Batumi and Kobuleti (Table 4)**

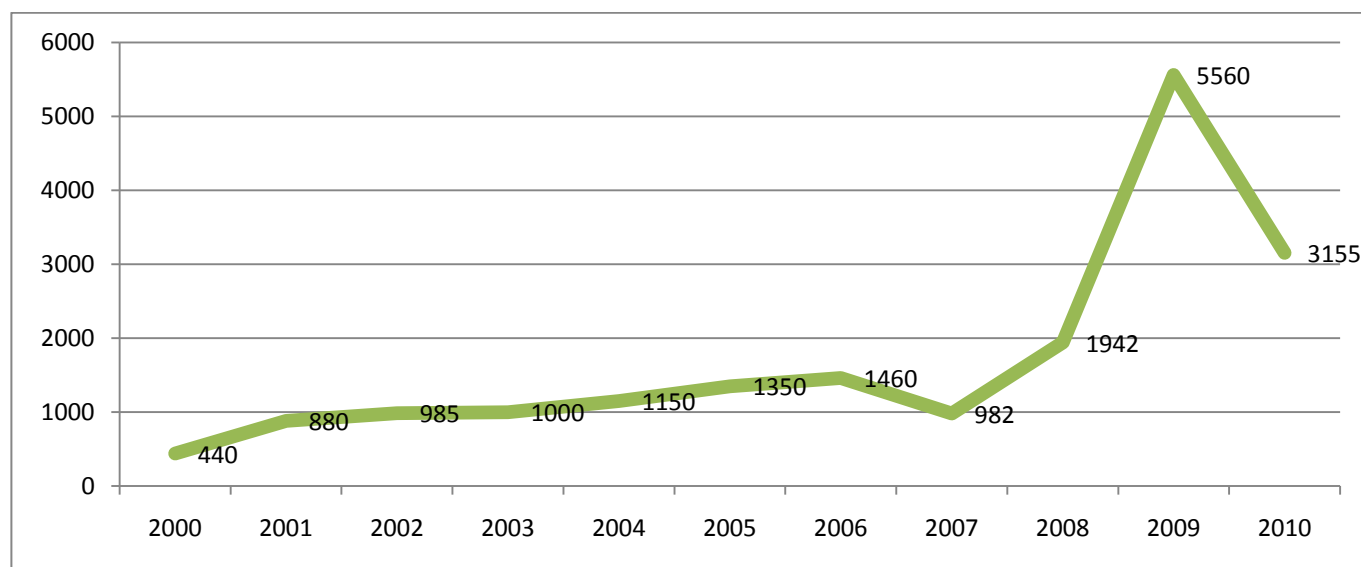
Table 4. Number of Tourists, by Municipalities of the region of Ajara (2004-2010)

Year	Batumi			Kobuleti			Khelvachauri			Khulo		Ajara, total		
	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic	Total	Domestic	Foreigner	Total
2004	36000	3800	39800	30000	2700	32700	8000	1500	9500	1000	1000	75000	8000	83000
2005	53655	13120	66775	50808	10037	60845	14087	3843	17930	1450	1450	120000	27000	147000
2006	102079	32165	134244	53567	25010	78577	23347	10302	33649	3530	3530	182523	67477	250000
2007	131059	58637	189696	75668	43274	118942	26100	10388	36488	6959	6959	239786	112299	352085
2008	129092	50636	179728	47036	20394	67430	20084	5188	25272	12570	12570	208782	76218	285000
2009	181160	80623	261783	144199	63651	207850	63474	17785	81259	3258	3258	392091	162059	554150
2010	390306	167333	557639	174499	102381	276880	86170	42561	128731	11313	11313	662288	312275	974563

Source: Department of Tourism and Resorts of Ajara AR

5. **Batumi rich in traditions of cruise tourism.** The Batumi Port was receiving over 50 cruisers annually during Soviet times. In order to restore and develop this type of tourism the Batumi port entered the Association of Mediterranean Cruise Ports (Med Cruise) in 2006 making it possible to increase the frequency of visits of cruise vessels in the Batumi Port. Batumi has been included in the routes of well-known world cruise companies (Sea Born, Holland-America) as one of their stoppages since 2009. 10 cruise vessels entered the Batumi Port in 2009, while 6 cruisers had already arrived by December 1, 2010.

Chart 2. Number of Visitors Brought by Cruise vessels (2000-2010)



Source: Department of Tourism and Resorts of the Ajara AR

6. **According to the forecasts Ajara will host 2000 thousand tourists and Batumi - 1200 thousand tourists in 2012** (Table 5, 6)

Table 5. Number of forecasted visitors in Ajara AR (2011-2012)

Year	Total	Domestic visitors	Foreign visitors
2011	1.500.000	950.000	550.000
2012	2.000.000	1.100.000	900.000

Source: Department of Tourism and Resorts of Ajara AR

Table 6. Number of forecasted visitors in Batumi (2011-2012)

Year	Total	Domestic visitors	Foreign visitors
2011	900.000	570.680	330.000
2012	1.200.000	660.000	540.000

Source: Department of Tourism and Resorts of Ajara AR

7. **The number of accommodation facilities in 2010 increased by 594% compared to 2000.** Over 77.4% of 55.6 thousand lodging places accounted for accommodation units (for a family) in 2010. Average occupancy rate of accommodation facilities in the same year equalled just to 18.5%, however the figure reached 87% in August only. Services provided in 2010 totalled 376.3 million GEL, that is 69.8% higher than in 2009.

Table 7. Dynamics of services provided for tourists, by types accommodation facilities (2006-2010)

Year	Number of organizations	Number of beds (thousand places)			Number of guests, total									Volume of Services (thousand GEL)			
		Private houses	Hotels	Total	Domestic tourists (thousand people)			Foreigners (thousand people)			People (thousand)	Man-day (thousand)			Private houses	Hotels	Total
					Private houses	Hotel	Total	Private houses	Hotels	Total		Private houses	Hotels	Total			
2006	66	24.0	3.3	27,3	144.7	37.9	182,6	53.5	13.9	67,4	250,0	874.4	188.2	1062,6	38475	7791	46266
2007	69	24.0	3.2	27,2	192.6	47.3	239,9	97.4	14.8	112,2	352,1	856.9	571.4	1428,3	77977,9	52022,1	130000
2008	117	24.0	4.8	28,8	156.5	52.3	208.8	53.2	23	76.2	285	1228.5	196.5	1425,0	132678	21222	153900
2009	229	24.0	10.0	34	292.6	99.4	392.0	120.7	41.4	162.1	554.1	1828.2	388.8	2217,0	182820	38880	221700
2010	245	43.0	12.6	55,6	545,2	117,0	662,2	237,7	713,6	309,1	912,4	3231,2	532,4	3763,7	323126	53246	376372

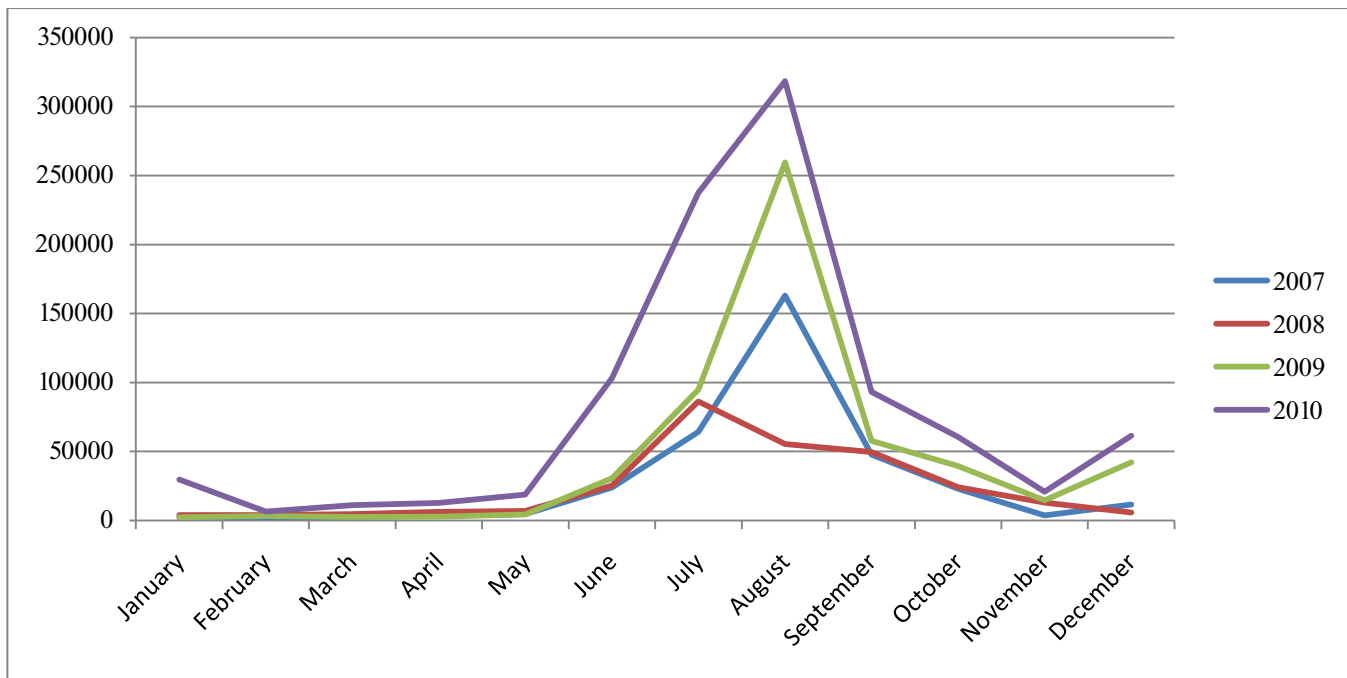
Source: Department of Tourism and Resorts of Ajara AR

Table 8. Number of Tourists in Ajara, by months (2007-2010)

Months/Number of Tourists	2007	2008	2009	2010
January	2232	3915	2231	29720
February	2340	3910	3339	6602
March	2537	4578	2469	11190
April	3494	6210	2899	12791
May	4608	6922	4469	18810
June	23891	25200	30583	103298
July	64298	86240	94752	237457
August	162917	55356	259458	318501
September	47717	49673	57801	93209
October	22870	24048	39525	60571
November	3682	13110	14516	20860
December	11499	5838	42108	61554
Total	352085	285000	554 150	974 563

Source: Department of Tourism and Resorts of Ajara AR

Chart 3. Number of Tourists in Ajara by months (2007-2010)



Source: Department of Tourism and Resorts of the Ajara AR

8. **There are 17 tourist agencies in Ajara. Most of them are situated in Batumi.** These are in particular AB Visit Ajara Ltd.; Batumi Aviatour Ltd.; Baiartour Ltd.; Laztour Ltd.; C-Gate Ltd.; Uni Tour Ltd.; Wonderland LTD.; Argotour Ltd.; Ajara-Tour Ltd.; Gezitour Ltd.; International Ltd.; Calypso Travel Ltd.; Black Sea Ltd.; Fresh Tour Ltd.; Khino Ltd.; Gemini Ltd.; Golden Fleece Ltd.
9. **There are 7 information centers in Ajara.** Two of them are placed in the center of the City of Batumi, others in the administrative centers of Khelvachauri, Qeda, Khulo, Shuakhevi. The Kobuleti information center which is located near the Ispani bog is mainly ecotourism-oriented. Tourism information center in Trabzon, Turkey has been functioning since March, 2010.
10. **Significant part of public catering facilities is situated in Batumi.**

Table 9. Number of catering Facilities (units)

Name	Number
Batumi	97
Khelvachauri	26
Kobuleti	30
Qeda	10
Shuakhevi	7
Khulo	6

Source: Department of Tourism and Resorts of Ajara AR

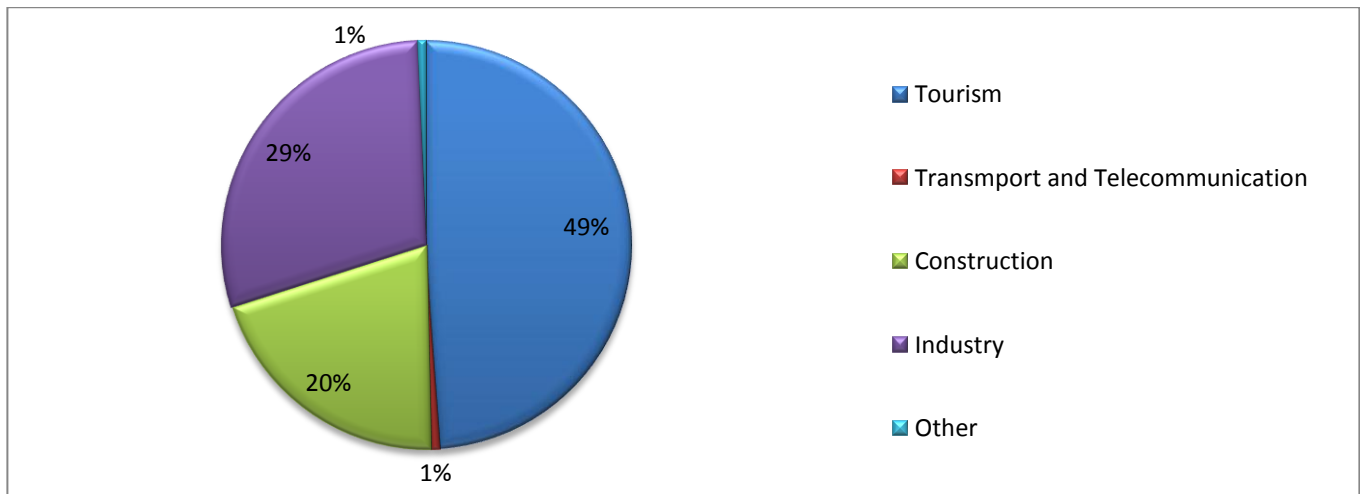
11. **49% of private investments made in 2010 accounted for the sector of tourism.**

Table 10. Private investment distribution by sectors in 2004-2010 (million USD)

Name	2004	2005	2006	2007	2008	2009	2010
Investments total	50	100	140	200	130	140	147
Tourism	14	34	56	79	60	68	72
Transport and telecommunication	18	30	40	55	8	2	1
Building	12	25	29	39	49	56	30
Production	4	7	12	24	9	11	43
Other sectors	3	4	4	4	5	5	1

Source: Ministry of Finances and Economics of the Autonomous Republic of Ajara

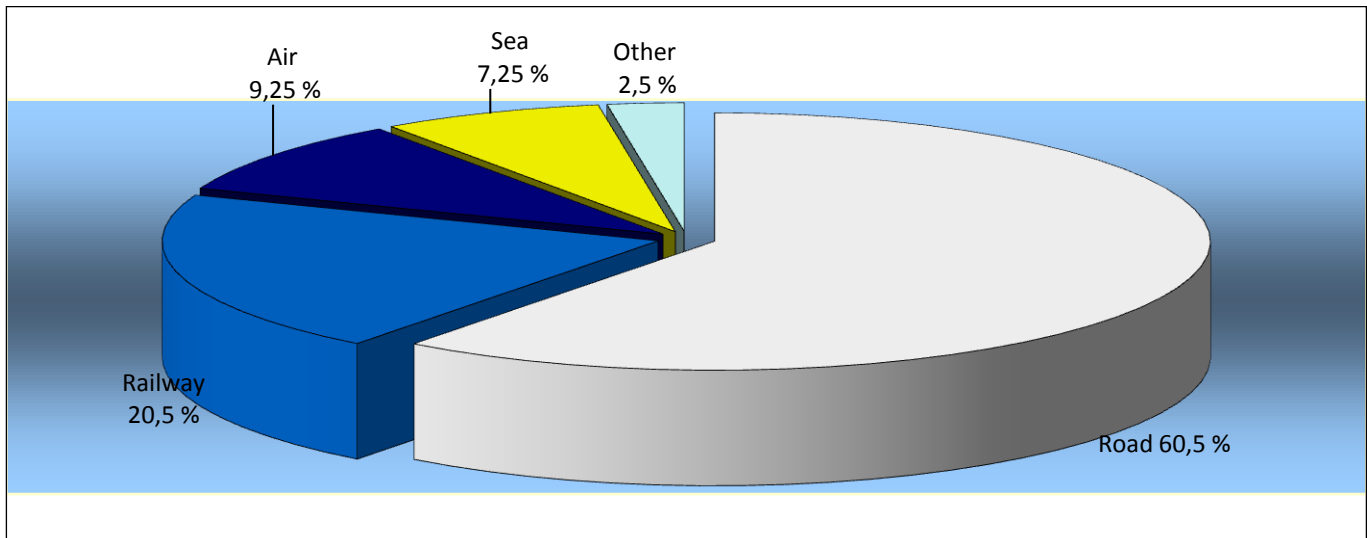
Chart 4. Investment Distribution, by sectors (2010)



Source: Ministry of Finances and Economics of the Ajara AR

14. **The entry of the worldwide-known hotel operating brands in Ajara will increase the image of the region.** The hotel brands such as Radisson, Sheraton, Hilton, Kempinski, and etc, will enter the tourist market in Ajara mainly by 2012. After building new hotels additional 4000 accommodation places will be created in Ajara by that period.
15. According to the marketing research conducted by the Department of Tourism and Resorts of the Autonomous Republic of Ajara in 2009, **most of the visitors use road and railway transportation** (see Chart 2). The percentage ratio of Armenian visitors using railway and road transport is 25%-75%, and that of the domestic visitors - 18%-79%; the share of visitors from Turkey who use road transportation reaches 63% of the people interviewed.

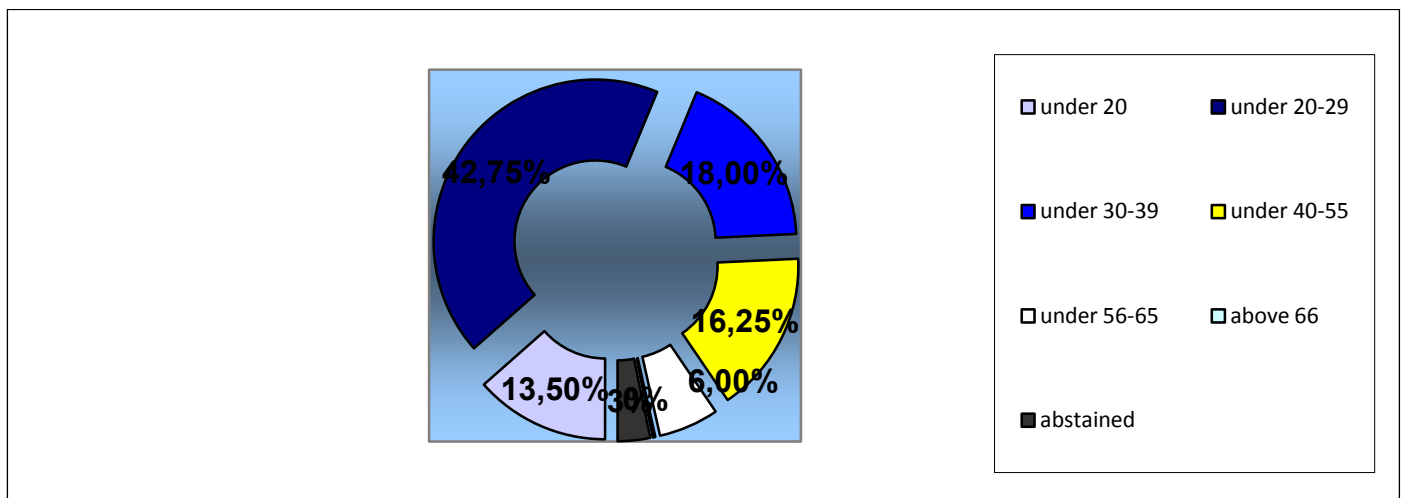
Chart 5. Types of transport used for visiting Ajara in 2009



Source: Department of Tourism and Resorts of the Ajara AR

16. Most of the guests (77%) of Ajara AR are within 20-55 years old.

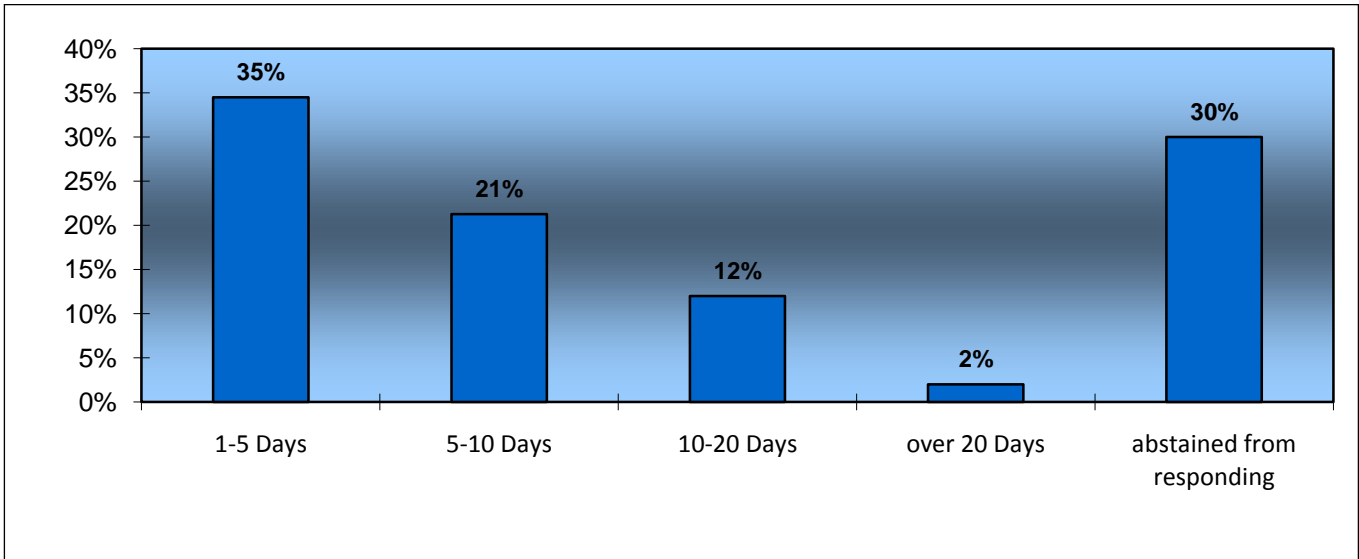
Chart 6. Age Distribution of Guests Visiting Ajara AR in 2009



Source: Department of Tourism and Resorts of the Ajara AR

17. Tours from 1 to 5 days were the most popular among the guests of Ajara AR in 2009. 35% of guests spent the same exact number of days in the given year.

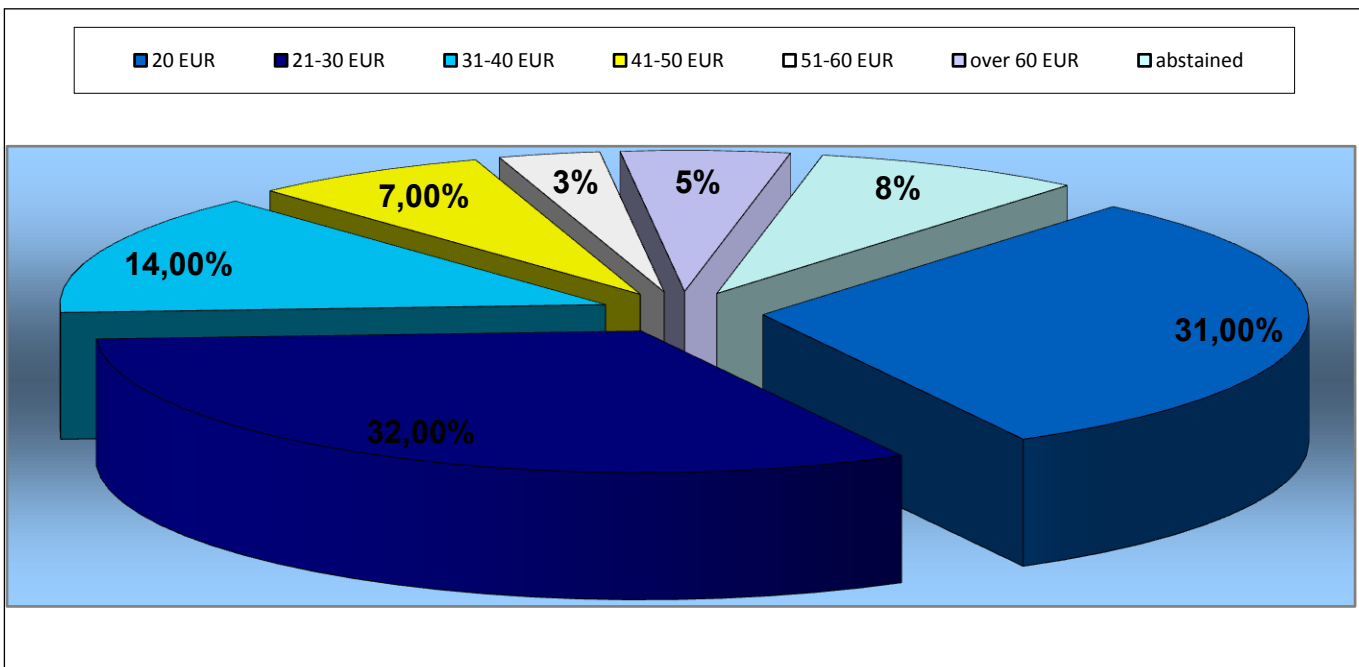
Chart 7. Visit Duration Ratio (2009)



Source: Department of Tourism and Resorts of the Ajara AR

18. Majority of guests interviewed (32%) spent between 21-30 Euros daily. Those who spent 31-40 EUR per day made up 14% of the respondents, 20 EUR spent 31%, 41-50 EUR - 7%, and 51-60 EUR - 3%. Only 5% of those who were asked spent more than 60 EUR. From the age groups, the visitors between 40-55 years spend the most during a day, and those who are under 20 spend the least.

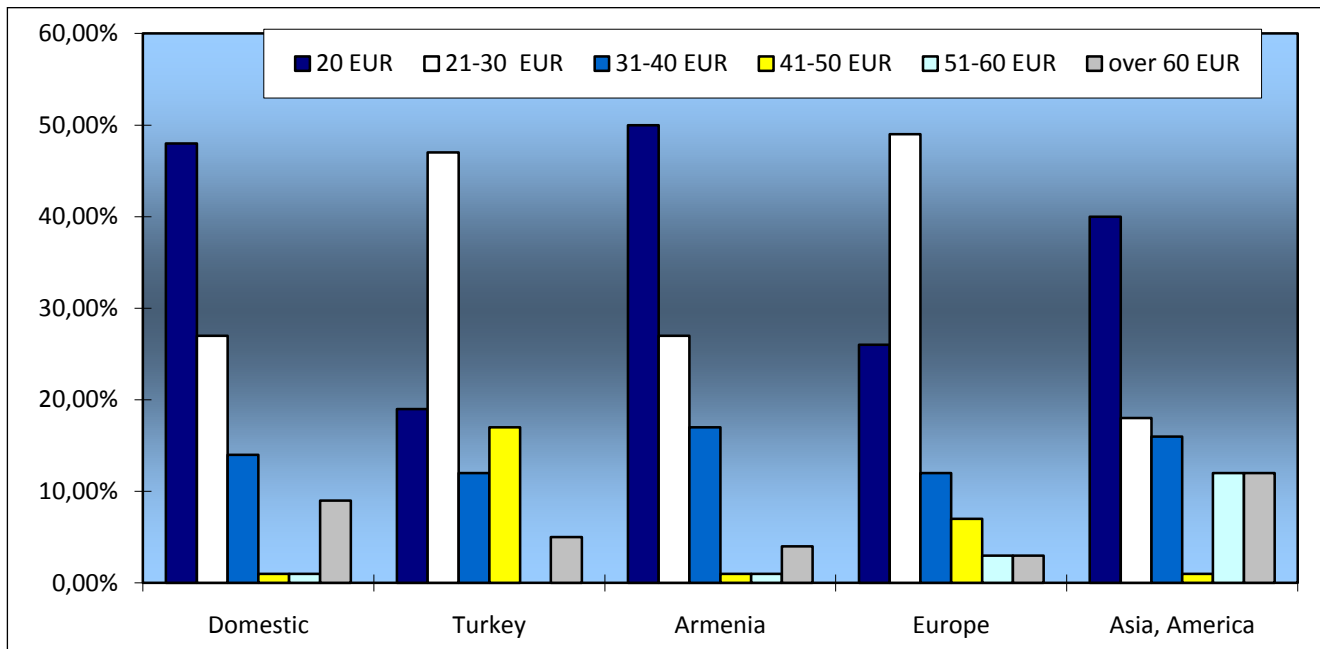
Chart 8. Share of Visitors' Spending (2009)



Source: Department of Tourism and Resorts of the Ajara AR

19. Visitors from Turkey and Europe spend the most.

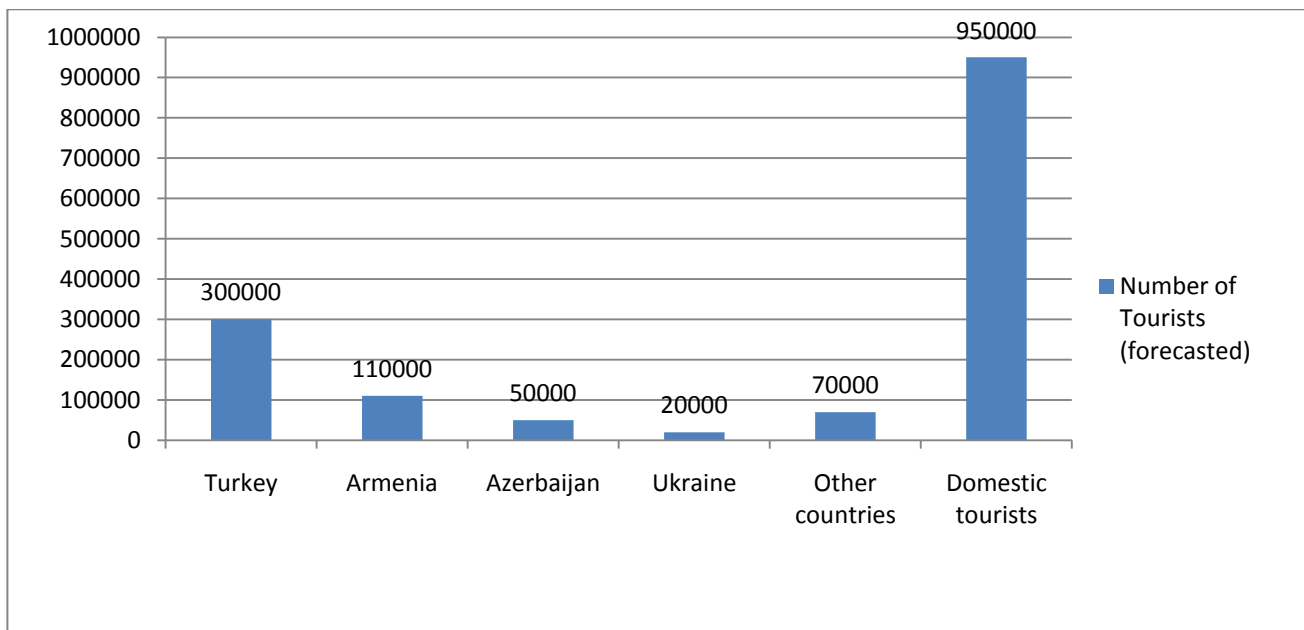
Chart 9. Visitors' Spending by Countries (2009)



Source: Department of Tourism and Resorts of the Ajara AR

20. According to the short-term Strategy of Attraction of Regional Tourists prepared by the Department of Tourism and Resorts of Ajara AR the main target markets are Ukraine, Armenia, Turkey and Azerbaijan.

Chart 10. Forecasted Numbers of Tourists by Countries in 2011.



Source: Department of Tourism and Resorts of the Ajara AR

SWOT Analysis For Tourism

<p><u>Strengths</u></p> <ul style="list-style-type: none"> - Diversity of tourist resources; - Existence of unique tourism products (boulevard, botanical garden, and etc); - Visa-free regime with targeted tourism markets (Turkey, Ukraine, Azerbaijan, Armenia); - Liberal visa approach with other countries; - Friendly and favourable relations with target markets; - Fast-developing gambling business; - Availability of international airport in the region; - Highest rates of investment flow into the tourism sector; - Entry of well-known hotel brands; - Relatively safe environment; 	<p><u>Weaknesses</u></p> <ul style="list-style-type: none"> - Short touristic season; - Poor work load of tourism facilities (hotels, catering and entertaining places, and etc); - Pollution of beaches and sea; - Insufficient beach infrastructure; - Irrelevances between price and quality of touristic products; - Poorly experienced local tourism agencies and low interest towards incoming tourism; - Poor service quality; - Linguistic barriers while communicating with foreign visitors (lack of proficiency in English language); - Poor population awareness in tourism as a sector; - Poorly developed road infrastructure nearby excursion sites, lack of traffic signs for tourists; - Insufficient touristic infrastructure; - Lack of information about the region (PR and advertisement);
<p><u>Opportunities</u></p> <ul style="list-style-type: none"> - Development of new markets; - Reduction of prices on flights; - Appointing charter flights according to the market needs, increasing the number of regular flights; - Direct railway connections with Azerbaijan, Armenia and Turkey (for future); - Improvement of road transport services; - Prolongation of touristic season by developing diversified tourism products; - Holding various events (festivals, conferences, sport and cultural events); - Foreign investment growth; - Introduction of tax benefits 	<p><u>Threats</u></p> <ul style="list-style-type: none"> - Increased competition from other countries; - Macroeconomic instability and unfavourable investment climate; - Political instability - Ecological problems; - Prolongation of infrastructural project implementation;

STRATEGIC DIRECTIONS

Improving transport infrastructure

- 1) Attracting **cheap airlines** and promoting **charter flights**;
- 2) Inclusion of Batumi Port into **cruise routes within the Black Sea, conduction of consultations with the port administration** about changes in policy with respect to cruise tours (tariffs reduction, port extension in order to accommodate large cruise vessels);
- 3) **Development of railway stations following the European standards** (services: baggage-room services, information service, information board with a map for tourists, fast food cafés, Wi-Fi zone, and etc; keeping cleanness and order);
- 4) **Approximation of bus terminals to European standards** (services: baggage-room services, information service, information board with a map for tourists, Wi-Fi zone, and etc; keeping cleanness and order);
- 5) Increasing of **parking area** around the places of accumulation of tourists;
- 6) Observance of **road safety and traffic rules** – traffic lights, pedestrian crosswalks, strictness from the Police towards the violators, regulation of road transport standards;
- 7) Arrangement of **bike lanes** on the main roads of Ajara, particularly in cities and towns;
- 8) **Conforming taxi infrastructure** to modern standards; provision of **transports for rent**;
- 9) Building of **autobahn of international standards** in Ajara **from Sarpi to Kobuleti (Poti). Construction of roads bypassing Kobuleti and Batumi is particularly important for relieving traffic** in these cities;
- 10) **Improving road quality between Batumi and Akhaltsikhe** in order to provide year-round traffic in this direction. This route is particularly important for attracting tourists from Armenia and Iran. It is desirable that the improvement of the roads mentioned in points 8 and 9 are accomplished as soon as possible;
- 11) Improving the quality of roads accessing touristic sites;

Rise of Recognition of the region of Ajara

- 12) Development of **Ajara Branding**: composing of working group and announcing of competition on the creation of the region's touristic slogan and logo demonstrating the uniqueness and advantages of the region of Ajara;
- 13) Establishment of the Ministry of Tourism replacing the Department of Tourism;
- 14) Establishment of the **Tourism Agency of Ajara** under the Department of Tourism, which would be authorized to provide different services and commercial activities in tourism. The Agency would use its revenues for the development of infrastructure and marketing. The Agency should be placed in Batumi in such a place which would be easily accessible for tourists. The agency will centralize the information necessary for tourists and provide information services. At the same time it should carry out special events together with the Department of Tourism aimed at increasing the awareness on touristic values within the society.
- 15) Improving the quality of services of the existing **tourism information centers**. Creation of joint information network together with a newly established Tourism Agency;
- 16) Creation of **information websites on tourism in Ajara**, such as www.Ajara.net (please visit www.southafrica.net to compare), where the whole infrastructure of Ajara will be available. In particular the website will include the information about the following places in Batumi: accommodation, catering facilities, museums, cinemas, theatres, events, concerts, exhibitions, transportation schedules. While browsing, tourists, for example, will be able to see, at least partially, the museum expositions (at the museum website); watch fragments of theatre performances (at theatre websites); get acquainted with the menus offered by restaurants (at the

- websites of restaurants); and etc. Besides, booking tickets and tables online will be also possible. The newly established Tourism Agency will be in charge of information support for the website.
- 17) Establishment of the **Day of Tourism** and celebrating it annually. Carrying out certain events (excursions, lessons) at schools and other educational institutions in order to get children familiarized with the problems in tourism of the region;
 - 18) Active **participation in exhibitions and fairs**;
 - 19) **Shooting documentary film about Ajara** so that it is interesting for tourists, dubbing it into languages of target market countries, and broadcasting it on different channels;
 - 20) **Advertising Ajara on different portals of the world** such as youtube.com, facebook.com, wayn.com, dig.com, livejournal.com, and etc, through creating blogs;
 - 21) Distribution of **information brochures** among hotels and other touristic facilities;

Prolongation of Season

- 22) Development of diversified tourism products besides the traditional ones which are basically aimed at sea-based recreation; the following directions of tourism may be developed in Ajara:
 - Ecotourism;
 - Agro-tourism;
 - Medical Tourism;
 - Health and SPA tourism;
 - Cultural Tourism;
 - Active adventure tourism;
 - Winter sports tourism;
 - Cruise tourism;
 - Yachting and windsurfing;
 - Gambling tourism;
 - Tourism of special interests;
 - Tourism “make a rest”;
 - MICE tourism (assemblies, conferences, exhibitions)
 - Educational (e.g. studying Georgian cuisine;
 - Shopping tourism

The Department of Tourism will prepare **working plan on the development of these types of tourism**.

The particular attention should be given to the development of ecotourism, which is very interesting for tourists from developed countries (Western Europe, USA, Canada, Australia, and etc);

- 23) **Holding off-season festivals, cultural and sports events**, such as New Year events, celebration of the Day of Batumi (Batumoba), sports competitions and marathons, entertaining events. **It is necessary to build a stadium of European standards**.
- 24) **Adoption of joint tours** in collaboration with other regions of Georgian and neighbouring countries;
- 25) Organization of gambling tours;

Increasing the Competitiveness of Tourism Services

- 26) **Service quality regulation** following the legislation, determination of standards, regular examination of tourism facilities;
- 27) **Conforming the educational system** to the requirements of labour market (see Chapter “Demography and Labour Market”);

- 28) **Holding specific-theme-related seminars in tourism with the help of international donors and the support of the Association of International Investors** facilitating the improvement of the quality of tourism services.
- 29) **Offering specialized language learning courses** (particularly in Turkish and English) to personnel employed in tourism infrastructure: guides, sellers, waiters, and etc;
- 30) **Establishment of hotels offering tourists full package of services** (all inclusive) depending on specificity of the resorts in Ajara. Such hotels in the resorts of Turkey are highly demanded;
- 31) **Inclusion of main European language TV channels into hotels' TV packages.**
- 32) **Creation of Wi-Fi zones at tourism facilities;**
- 33) **Facilitation of the development** and regulation of entertaining infrastructure (cinemas (including 3D), concerts, entertainment centers for children, night clubs and etc);
- 34) **Taking into account the requirements of medium and low income tourists.** Arrangement of camping and overnight parking places enabling visitors to spend the night, availability of motels on the roads and hostels at universities for young generation;

Protection of Tourism and Resort Resources, and the Environmental Protection of Ajara

- 35) Installing sufficient number of **garbage bins**, emptying them regularly when the territory is cleaned.
- 36) Working out and **organizing campaigns for raising tourism awareness, and culture of neatness**, such as the action "Let's keep our beach and boulevard clean!";
- 37) **Inclusion of educational institutions into the campaigns that** facilitate the formation of awareness;
- 38) Inclusion of **electives in environmental protection into school programs;**
- 39) **Elaboration of legislation oriented on protection and improvement of natural resources and the environment of Ajara**, such as introduction of penalties for pollution.
- 40) **Adoption of Blue Flag or similar programs** at the resorts of Ajara;

Activation of Financial and Economic Leverages Facilitating the Development of Tourism

- 41) **Attraction of foreign investments;**
- 42) **Proper planning of the development of tourism infrastructure;**
- 43) **Introduction of tax benefits for both construction and tourism businesses;**
- 44) **Creation of free tourism areas;**
- 45) **Elaboration of state credit and grant programs to support small and medium businesses in tourism**, such as extending state guaranties for commercial banks in crediting private sector; providing assistance in financing certain projects meaning that long-term loans will become available at low interest rates;
- 46) Establishment of a **business incubator in tourism** together with the Tourism Agency.

Chapter 4. Agriculture

1. The area occupied by the Autonomous Republic of Ajara is 290 thousand hectares that is 4.1% of the territory of Georgia. 80% of the territory accounts for mountains, 15% for foothills and only 5% are bottomlands. (14.5 thousand Ha).

Chart 1.

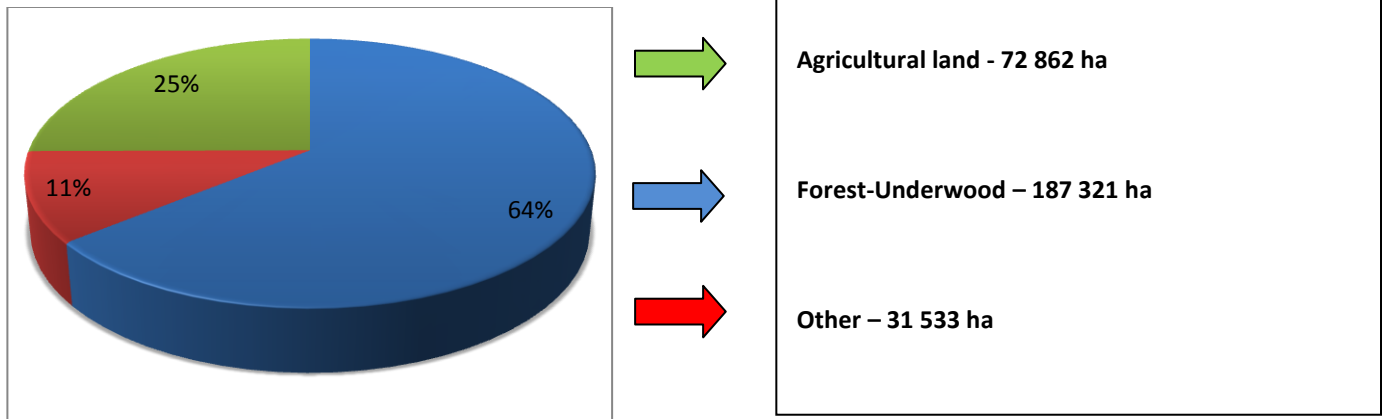
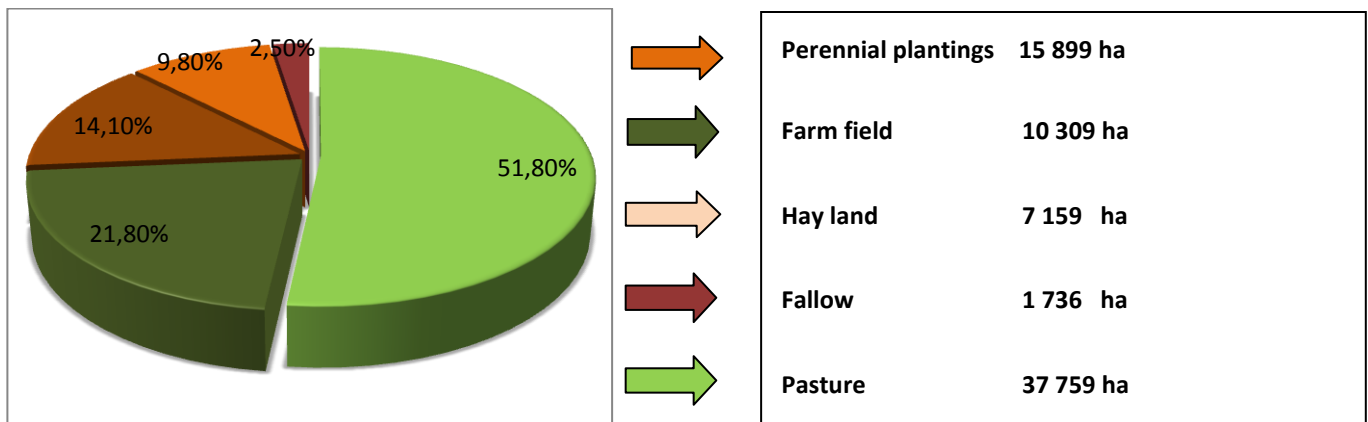


Chart 2. Structure of Land Resources of the Autonomous Republic of Ajara, according to the 2005 land budget



1. **Main fields of agriculture in Ajara:** citrus production, fruit production, vegetable growing, animal farming. Traditional fields are: viniculture, fish breeding, grain farming, and bee-keeping. Auxiliary fields are: tea growing, silkworm breeding, tobacco manufacturing, and medicinal plant growing;
2. **Citruses occupy 5200 hectares in Ajara.** During 2009-2010 about 105 000 tons of citruses were produced, out of them 97 108 tons were sold, and 590 tons of nonstandard citrus fruits were processed at canneries. Compared to 2008-2009 citrus production and sales increased by 136% and 186%, respectively. 80% of citruses produced in Georgia account for Ajara.

Table 1. Sales of Citrus Yields**(tons)**

Name	Year			
	2006-2007	2007-2008	2008-2009	2009-2010
Produced	45403	104530	44500	105000
Total sales:	22526.0	89462.0	34394.7	97698.0
Including: <i>Export</i>	14518.0	67545.0	23951.2	84928.0
Including: Ukraine	8884.0	41348.0	11543.40	43924
Belorussia	-	80.0	401.3	1439
Moldova	-	74.0	72.2	153.4
Russia	-	-	34.0	-
Armenia	3594.0	18094.0	3578.80	7029
Azerbaijan	2040.0	7754.0	8321.50	31787
Uzbekistan	-	175.0	-	18.0
Kazakhstan	-	20.0	-	334.8
Kuwait	-	-	-	205
Check Republic	-	-	-	37.4
<i>Georgia's domestic market</i>	8008.0	21917.0	10443.5	12770.0
<i>Including:</i> <i>Consumer markets</i>	6654.0	10787.0	9938.40	12180.0
Canning Industry	1354.0	11130.0	505.1	590
Including: "Khilis Kompania Narinji" Ltd (Fruit Company Orange)	354.0		470.1	494
"Cintro" Ltd			35.0	96
"Kartuli Produkti" Ltd (Georgian Product)	1000.0	11130.0		

Source: Ministry of Agriculture of the Autonomous Republic of Ajara

3. According to the land budget there is 5700 hectare tea area registered in Ajara. Its significant part is weedy and amortized. In 2004-2006 up to 1000 hectares of tea plantations were rehabilitated. Two tea factories were privatized purposefully. 9.26% of tea products manufactured in Georgia account for Ajara.

Table 2. Tea Areas by Municipalities (hectares)

Indicators	Year					
	2004	2005	2006	2007	2008	2009
Total Tea Area (land budget)	5616	5616	5616	5616	5616	5616
Kobuleti	3528	3528	3528	3528	3528	3528
Khelvachauri	1969	1969	1969	1969	1969	1969
Qeda	119	119	119	119	119	119
Including, Leaf Picking	1713	1708	1605	1100	250	250
Kobuleti	1358	1358	1200	1000	250	250
Khelvachauri	350	350	400	100		
Qeda	5		5			

Source: Ministry of Agriculture of the Autonomous Republic of Ajara

4. **Other Subtropical Cultures.** Revenues from these kind of cultures will exceed 8-10 million GEL by 2015. Significant part of the production will be exported, while remaining output will be used for cannery manufacturing. 14% of subtropical cultures (subtropical persimmon, feijoa, actinidia, bay leaf) produced in Georgia account for Ajara.

Table 3. Other Subtropical Cultures in Ajara

Name	Area, ha			Production, tons		
	2009	2010	2015	2009	2010	2015
Subtropical persimmon	403.0	405.0	500.0	2557.0	4500.0	7000.0
Yield, including	60.0	60.0	100.0			
Feijoa	2.0	2.5	5.0	125.0	200.0	300.0
Actinidia	10.0	12.0	15.0	440.0	600.0	900.0
Bay leaf	85.0	90.0	120.0	20.0	25.0	40.0

Source: Ministry of Agriculture of the Autonomous Republic of Ajara

5. Up to 30 000 tons of fruits used to be produced annually in Ajara in the previous century. The area of fruit plants by 2009 was 4420 hectares and the yield received was exceeding 11.3 thousand tons. 8% of fruits produced in Georgia accounts for Ajara.

Table 4 . Dynamics of Fruit Areas in Ajara, by Municipalities in 2004-2009**(ha)**

Name	Year					
	2004	2005	2006	2007	2008	2009
Fruit Yards, total (including scattered plantations)	4420	4420	4420	4420	4420	4420
Kobuleti	1673	1673	1673	1673	1673	1673
Khelvachauri	1251	1251	1251	1251	1251	1251
Qeda	466	466	466	466	466	466
Shuakhevi	476	476	476	476	476	476
Khulo	474	474	474	474	474	474
Batumi City	80	80	80	80	80	80
Including Fruitful ones	3242	3242	3242	3242	3242	3242
Kobuleti	1170	1170	1170	1170	1170	1170
Khelvachauri	901	901	901	901	901	901
Qeda	383	383	383	383	383	383
Shuakhevi	394	394	394	394	394	394
Khulo	394	394	394	394	394	394

Source: Ministry of Agriculture of the Autonomous Republic of Ajara

Table 5. Fruits Production in Ajara, by Municipalities in 2004 -2009 (tons)

Name	Year					
	2004	2005	2006	2007	2008	2009
Fruits	6054	10882	8629	15945	15755	11302
Kobuleti	1640	2108	3556	5523	5410	3250
Khelvachauri	900	2140	3506	4625	4486	3135
Qeda	690	710	1041	1794	1849	1167
Shuakhevi	1624	1624	476	1930	1935	1207
Khulo	1200	4300	50	2073	2075	2543

Source: Ministry of Agriculture of the Autonomous Republic of Ajara

6. Viniculture

Before the 90s of the 20th century vineyards occupied about 50 hectares in Ajara, where up to 40 species of local vine were growing. Annual production exceeded 2 000 tons. Vine plantations (including scattered plantations) in 2009 occupied 177 hectares in Ajara and grape production averaged to 1300 tons. 0.8% of grape produced in Georgia accounts for Ajara.

Table 6. Dynamics of Vineyard Territories in Ajara by Municipalities in 2004-2009

Name	Year					
	2004	2005	2006	2007	2008	2009
Vineyard Territories, total (according to land budget)	88	88	88	88	88	88
Khelvachauri	5	5	5	5	5	5
Qeda	66	66	66	66	66	66
Shuakhevi	13	13	13	13	13	13
Khulo	4	4	4	4	4	4
Vineyard territories including scattered plantations, total	133	134	154	170	177	177
Kobuleti	31	31	32	32	32	32
Khelvachauri	22	22	28	29	30	30
Qeda	66	66	72	77	82	82
Shuakhevi	10	11	18	22	23	23
Khulo	4	4	4	10	10	10

Source: Ministry of Agriculture of the Autonomous Republic of Ajara

Table 7. Grape Production in Ajara by Municipalities in 2004-2009

Name	Year					
	2004	2005	2006	2007	2008	2009
Grape yurZnis mosavali sul:	435	859	1076	1370	1410	1253
including, Kobuleti	60	65	280	217	223	285
Khelvachauri	70	216	317	192	205	220
Qeda	190	462	378	769	785	535
Shuakhevi	90	90	31	140	142	162
Khulo	25	26	70	52	55	51

Source: Ministry of Agriculture of the Autonomous Republic of Ajara

7. Grain Farming

Due to the lack of arable lands, one-year cultures (maize, soy-bean, and haricot) occupy very modest part of agricultural lands of Ajara AR. 6590 hectare territory was seeded with maize and 250 hectares with haricot and soy-bean in 2009. Grain farmed in Ajara makes up 5% of Georgia's overall grain production.

Table 8. Grain farmed in Ajara by Municipalities 2004-2009

	(tons)					
Name	2004	2005	2006	2007	2008	2009
Grain, total:	11691	12311	9464	9900	12075	14869
including, maize	11401	11992	9162	9558	11665	14571
Kobuleti	1837	2870	1473	951	1955	3945
Khelvachauri	2000	1631	1099	1460	2250	1870
Qeda	3363	3268	3083	3623	3866	4052
Shuakhevi	2680	2673	2349	2284	2175	2909
Khulo	1521	1550	1158	1240	1419	1795
Leguminous (haricot)	290	319	302	342	410	362
Kobuleti	44	48	75	92	135	180
Khelvachauri	19	14	54	25	35	52
Qeda	35	42	30	55	60	38
Shuakhevi	60	60	58	80	85	38
Khulo	132	155	85	90	95	54

Source: Ministry of Agriculture of the Autonomous Republic of Ajara

8. Vegetable Growing

Nowadays, the demand of local population on vegetables is satisfied by 10-15%. Together with the development of tourism and resort infrastructure the deficit has doubled. 14% of vegetables produced in Georgia accounts for Ajara.

Table 9. Vegetables Grown in Ajara by Municipalities in 2004-2009

	(tons)					
Indicators	2004	2005	2006	2007	2008	2009
Vegetables grown, total:	7209	6038	6500	10620	13870	11754
Kobuleti	1350	1360	1526	2264	2975	1900
Khelvachauri	850	837	584	1470	2850	2681
Qeda	1209	1091	2074	1788	2480	2330
Shuakhevi	600	600	674	1802	1975	1138
Khulo	3200	2150	1642	3296	3590	3705
Potato growing, total:	24820	31747	28550	35560	45560	43065
Kobuleti	400	400	550	645	2940	1000
Khelvachauri	220	335	590	557	985	1700
Qeda	1100	1112	1960	1836	2635	2565
Shuakhevi	3000	3600	2838	5960	7050	6750
Khulo	20100	26300	22612	26562	31950	31050

Source: Ministry of Agriculture of the Autonomous Republic of Ajara

9. Animal Farming

According to the figures of 2009, there are 113.5 thousand heads of livestock in Ajara. Average annual production is 2-5 thousand tons of meat, 48-55 thousand tons of milk and dairy products. 10% of livestock products produced in Georgia accounts for Ajara.

Table 10. Livestock Capita in Ajara, by Municipalities in 2004-2009

(number of heads)

Name	Year					
	2004	2005	2006	2007	2008	2009
Cattle, total:	109029	112554	110518	113765	110900	113492
Kobuleti	18021	18087	18120	19685	18500	19988
Khelvachauri	15776	16083	15310	14950	14500	14500
Qeda	12096	12109	10210	12000	12300	12203
Shuakhevi	27175	27175	27278	27800	25600	25500
Khulo	36700	39100	39600	39330	40000	41301
Small Cattle (goat, sheep), total:	9678	13783	5893	6085	4350	8404
Kobuleti	914	910	580	1060	1100	1901
Khelvachauri	2100	2300	1540	1636	1600	1600
Qeda	944	1300	704	468	350	728
Shuakhevi	2520	3263	1544	510	400	2400
Khulo	3200	6010	1525	2411	900	1775

Source: Ministry of Agriculture of the Autonomous Republic of Ajara

Table 11. Meat Production – Breeding in Ajara by, Municipalities in 2004-2009

(live weight, tons)

Name	2004	2005	2006	2007	2008	2009
Meat Produced, total:	2143	1804	4277	5260	5370	5213
Kobuleti	470	474	607	800	833	340
Khelvachauri	469	144	538	706	722	706
Qeda	114	96	352	475	485	1062
Shuakhevi	490	490	990	1365	1390	1460
Khulo	600	600	1790	1914	1940	1645

Source: Ministry of Agriculture of the Autonomous Republic of Ajara

Table 12. Milk Production in Ajara, by Municipalities in 2004-2009

(tons)

Name	2004	2005	2006	2007	2008	2009
Milk Produced, total	55699	48401	48500	50528	54548	53536
Kobuleti	7435	7741	8445	8640	9550	10056
Khelvachauri	17058	11518	13385	11875	12848	10600
Qeda	3210	2996	2280	3385	3980	4060
Shuakhevi	11896	11896	11980	11560	12360	12320
Khulo	16100	14250	12410	15068	15810	16500

Source: Ministry of Agriculture of the Autonomous Republic of Ajara

Table 13. Honey Production in Ajara, by Municipalities in 2004-2009**(tons)**

Name	2004	2005	2006	2007	2008	2009
honey produced, total:	86	86	86	250	306	306
Kobuleti	30	30	30	60	172	172
Khelvachauri	20	20	20	40	55	55
Qeda	20	20	20	80	25	25
Shuakhevi	10	10	10	30	30	30
Khulo	6	6	6	40	24	24

Source: National Statistics Office of Georgia

Table 14. Poultry Farming in Ajara, by Municipalities in 2004-2009**(numbers)**

Name	Year					
	2004	2005	2006	2007	2008	2009
Poultry, total	364,3	346,2	29,8	115	126	107
Kobuleti	209	196	12,5	44	48	44
Khelvachauri	80	80,5	4,5	20	21	20
Qeda	31	27	7,5	16	18	16
Shuakhevi	18,3	18,2	1,8	15	16	12
Khulo	26	24,5	3,5	20	23	15

Source: Ministry of Agriculture of Ajara AR

Table 15. Egg Production In Ajara, by Municipalities in 2004-2009**(million)**

Name	2004	2005	2006	2007	2008	2009
Egg Production, total	17,4	14	1,02	9,2	10,7	9,6
Kobuleti	6,2	6,2	0,5	2,2	2,5	3,1
Khelvachauri	7	4,8	0,1	1,7	3,9	2,9
Qeda	0,6	0,4	0,3	2,6	2,2	1,8
Shuakhevi	1,1	1,1	0,1	1,1	1	0,9
Khulo	2,5	1,5	0,02	1,6	1,1	0,9

Source: Ministry of Agriculture of Ajara AR

Table 16. Fish Farms in Ajara and Related Figures

Municipality	Number of Fish Farms (units)			Productivity (tons)		Area Occupied (m ²)			Number of People Employed	Food Used (tons)
	Total	Including		Actual	Maximum	Total	Including			
		Functional	Non-Functional				State	Private		
Kobuleti	9	8	1	40.5	105	3950	2800	1150	31	40
Khelvachauri	18	16	2	40.2	199	3840	140	3700	39	43
Qeda	56	41	15	177.5	340	9350	7055	2295	112	198
Shuakhevi	6	5	1	16	28	500	60	440	13	6
Khulo	2	2	0	3	6	200	0	200	3	3
Total	91	72	19	277.2	678	17840	10055	7785	198	290

Source: Ministry of Agriculture of the Autonomous Republic of Ajara

Table 17. Number of Agricultural Machinery in 2004-2008

Name	(units)				
	2004	2005	2006	2007	2008
Tractors, total:	455	550			22
Kobuleti	222	222			8
Khelvachauri	126	181			7
Qeda	14	7			3
Shuakhevi	59	26			3
Khulo	65	114			3
Trucks, total:	618	847			
Kobuleti	300	300			
Khelvachauri	188	259			
Qeda	6	36			
Shuakhevi	59	39			
Khulo	65	213			28
Tractor Ploughs:	102	67			
Kobuleti	35	30			12
Khelvachauri	51	25			10
Qeda					5
Shuakhevi	10	8			4
Khulo	6	4			5

Source: Ministry of Agriculture of the Autonomous Republic of Ajara

10. Export-Import of Agricultural Products in Ajara

Table 18. Dynamics of Export and Import Indicators for agricultural food-stuffs (2006-2009)

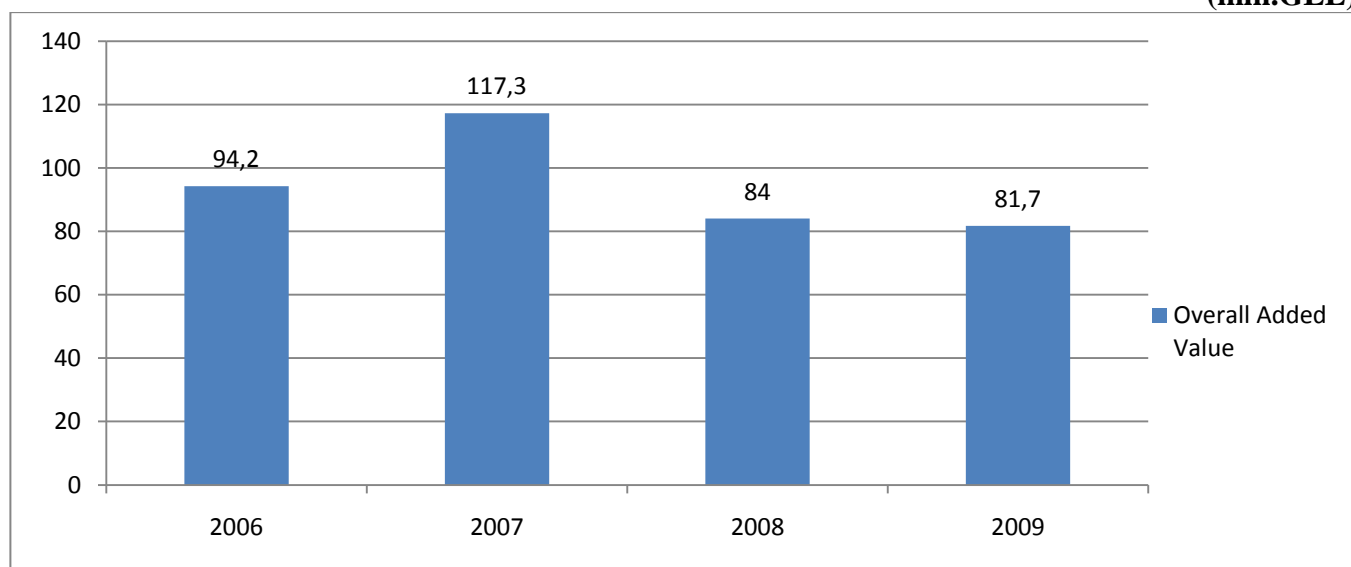
	2006		2007			2008			2009		
	Quantity (tons)	Sum (thousand GEL)	Quantity (tons)	Sum (thousand GEL)	Comparison with prev. year (%)	Quantity (tons)	Sum (thousand GEL)	Comparison with prev. year (%)	Quantity (tons)	Sum (thousand GEL)	Comparison with prev. year (%)
Import	104983	73243	272910	182430	160	175256	119952	-36	185788	114853	6
Export	5696	1525	38674	8716	578	39458	10168	2	84787	49337	115
Import/Export ratio (by quantities)											
	18.43		7.06			4.4			2.2		

Source: Ministry of Agriculture of the Autonomous Republic of Ajara

11. Gross Value Added (GVA) by Agricultural Sector of the Autonomous Republic of Ajara dropped by 2.7% in 2009 compared to the previous year and amounted to 81.7 million GEL.

Chart 3. GVA by Agricultural Sector of Autonomous Republic of Ajara in 2006-2009

(mln.GEL)



Source: National Statistics Office of Georgia

Table 21. Investments and Employment

Production Activity	2006		2007		2008		2009	
	Investments (GEL)	Employment (numbers)	Investments (GEL)	Employment (numbers)	Investments (GEL)	Employment (numbers)	Investments (GEL)	Employment (numbers)
Flour Production	3742078	204	10173538	221	8489432	188	2627058	175
Fruit Production	12935000	326	6458000	725	1007245	369	179001	403
Milk Production					165000	56	460000	48
Beer Production		90		90		90		90
Bakery	75000	100	272000	110	217000	110		110
Tare Production					1316988	33	468000	55
Mineral Waters		13		13		18	42000	18
Animal Farming					509000	22		22
Goat Breeding					1955000	162		310
Fish Farming		5		5	50000	30		20
Tea Growing	1022902	95	300000	102	588500	135	109000	135
Production of Pharmaceuticals					200000	200		200
Canning Industry					50000	10		7
Flower Growing					50000	9	10000	10
Ice Cream Production	6500		301000	13	39900	24		25
Honey Manufacturing							77 380	38
Vegetable Growing							50 000	18
Total in Ajara	17 781 480	833	17 504 538	1 279	25 647 565	1 663	9 478 439	1 975
Overall Investments in Agriculture in 2006-2009:				70 412 022				

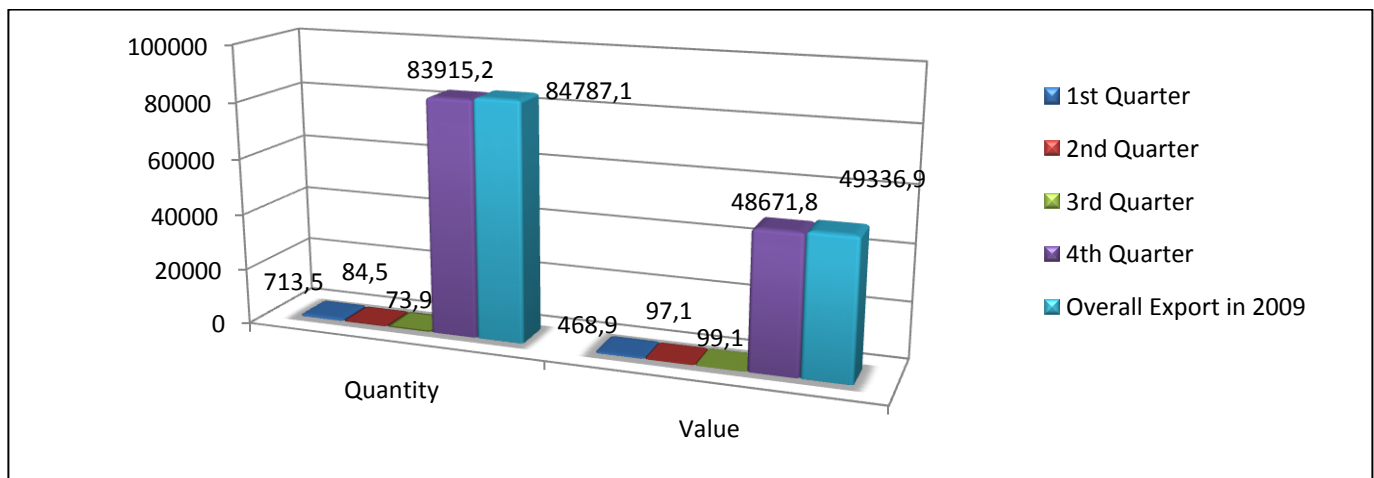
Source: Ministry of Agriculture of the Autonomous Republic of Ajara

12. Agricultural Processing Industry

- “Citro” Ltd
 - The enterprise processed up to 100 tons of nonstandard citrus fruits, and manufactured bottled natural fruit juices in 2009-2010;
- “Khilis Kompania Narinji“ (Fruit Company Orange) Ltd
 - Installation of technological line in the enterprise for producing citrus concentrates and natural juices completed in 2009. Test run of the lines carried out. Production of non-standard fruits commenced. 45 tons of concentrated juices were manufactured;
- Doruq Nut and Food Company Ltd
 - Citrus canning (citruses and other fruit syrups) technological line has been installed in the enterprise within the state program “Cheap Credit”;
 - 460 tons of quality tea leaf was collected from the rehabilitated tea plantations by the “Millennium Trans” Ltd in the village of Khutsubani of Kobuleti Municipality in 2009. Up to 100 workers were employed in gathering the leaves;
 - The Agrofirma Kobuletsi Ltd (Agro-firm in Kobuleti) produced 115 tons of black Pekoe tea, part of which was exported to Holland by the company Van Risi;
 - The Emiri Ltd produced 220 tons of brick green tea which was exported to Mongolia;
 - The Ajara Invest Tea started the construction of mini tea factory in the village of Maradidi in 2009, which will become operational in 2010. By 2010 the factory will process about 70-80 tons of quality tea leaves and packed black Pekoe tea will be manufactured.

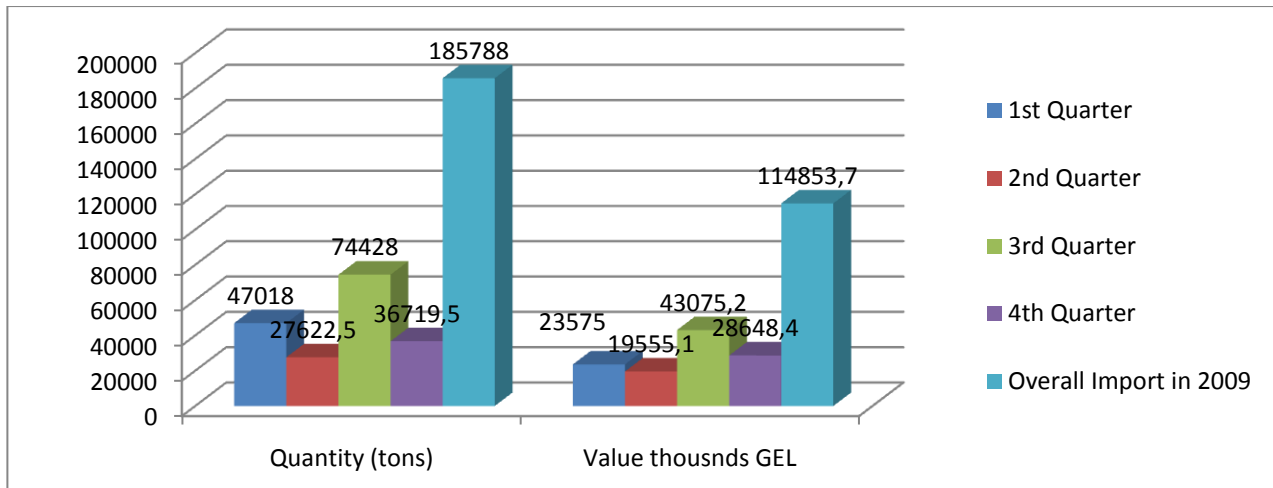
- The Gold Ltd produced and sold 70 thousand packs of cigarettes “Sakurorto” on the local market in 2009;
- The Adjarian Tobacco Ltd manufactured the first Georgian cigar in 2009. The company plans to increase tobacco production in 2010. It has invited specialists from Cuba. Local population is employed in the production process;
- Up to 2000 tons of nuts were sold by nuts purchasing units of Kobuleti and Khelvachauri Municipalities;
- The Agro-line JSC produced about 55 tons of chestnut in 2009 (the Qeda Municipality). Purchasing price of 1 kg chestnut was about 0.50 GEL. Up to 100 families were involved in chestnut gathering activities;
- 100 different type of vegetables were obtained from 1.1 hectare hothouses by the Aikon Group Ltd in 2009. Building of additional 3.5 hectare modern greenhouses is planned in 2010 where vegetables will be grown using liquid nutritional medium. Up to 1000 tons of vegetables will be manufactured after the capacities are fully exploited. At the moment 150 people are involved in greenhouse industry.
- Production of wheat flour in the region was carried out by 5 flour factories, which processed about 46 thousand tons of wheat per year resulting in manufacturing of 32 706 tons of wheat flour;
- The Batumi Beer plant manufactured and sold on the local market 1 200 000 liters of beer Batumuri in 2009;
- The Ango XXI processed up to 30 000 liters of milk in 2009 producing 1450 kg butter, 3380 kg cheese, and 2700 kg cottage cheese;
- The Kakhberi Ltd processed 25 500 liters of milk in 2009 producing 3000 kg sour cream, 2500 kg cottage cheese and 3600 kg Georgian yogurt (fermented milk);
- The Sista Georgian Products Ltd manufactured 277 000kg sour cream, 10 400 kg cottage cheese, and 450 kg Kaimaguri and 25 740 kg Georgian yogurt (fermented milk);
- The Them and You Ltd produced 30 tons of ice cream in 2009;
- The BatOil Ltd processed 72 000 tins of sunflower in 2009 producing 5150 tons of unrefined oil and 55 000 tons of refined oil, 60 500 tons of oil-cake and 1500 tons of extraction cakes;
- The Kokotauri Ltd manufactured 10 000 deca-liters of mineral and carbonated water of Kokotauri in 2009.

Chart 4. Export Indicators for Agricultural Products (2009)



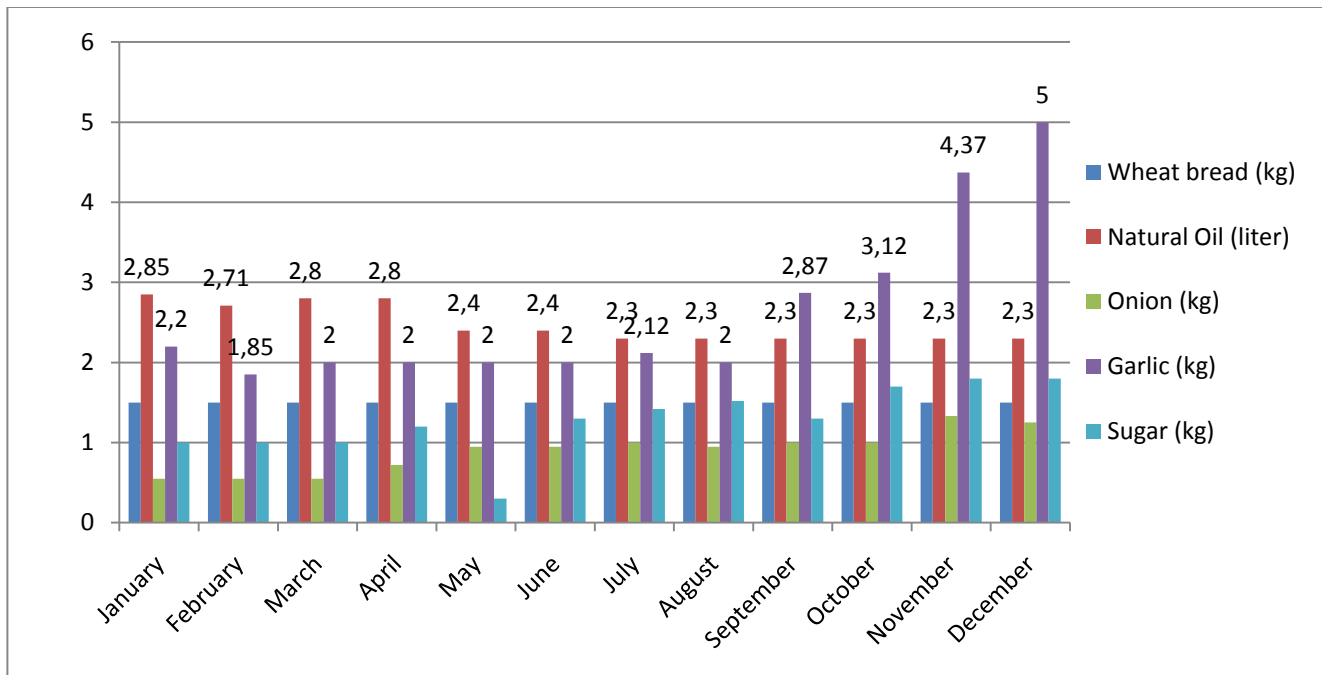
Source: Ministry of Agriculture of the Autonomous Republic of Ajara

Chart 5. Import Indicators for Agricultural Products (2009)



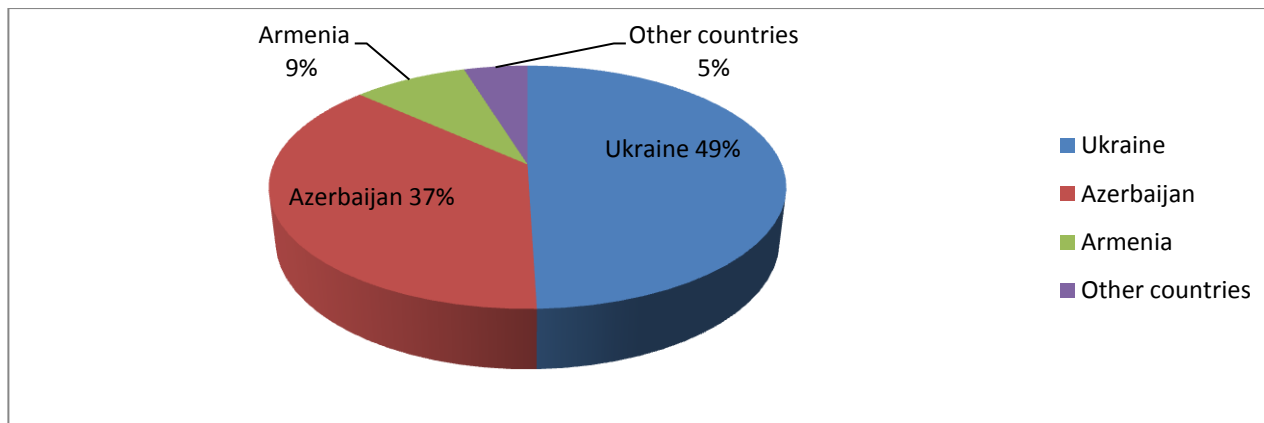
Source: Ministry of Agriculture of the Autonomous Republic of Ajara

Chart 6. Dynamics of Prices on Food-stuff in the Ajara Autonomous Republic in 2009 (GEL)



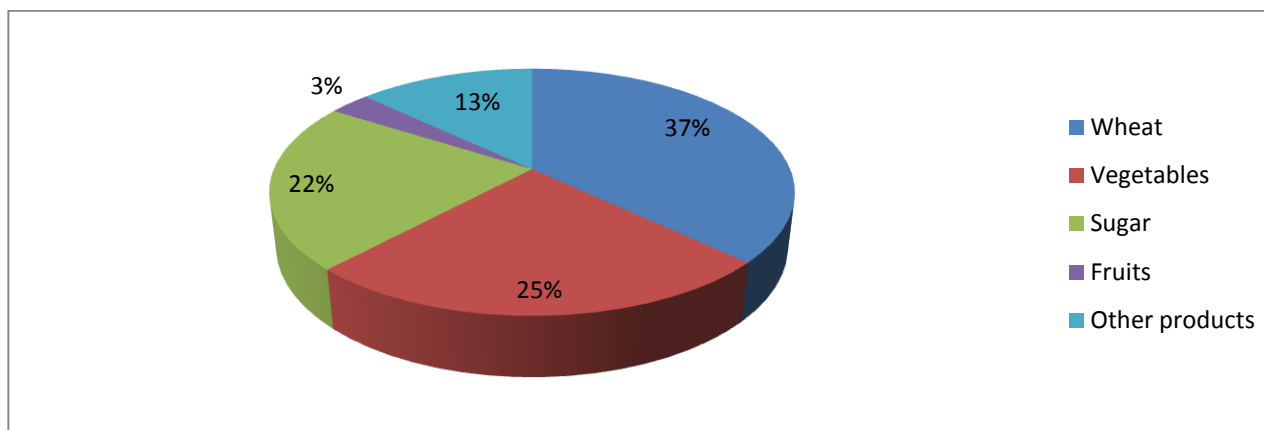
Source: Ministry of Agriculture of the Autonomous Republic of Ajara

Chart 7. Largest Trade Partners in the Export of Agricultural Food-stuff (2009)



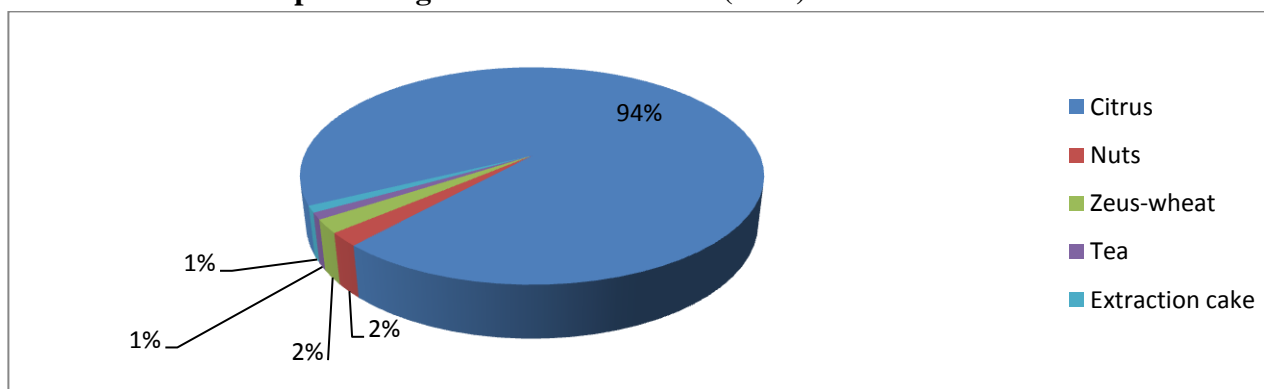
Source: Ministry of Agriculture of the Autonomous Republic of Ajara

Chart 8. The Most Imported Agricultural Food-stuff (2009)



Source: Ministry of Agriculture of the Autonomous Republic of Ajara

Chart 9. The Most Exported Agricultural Food-stuff (2009)



Source: Ministry of Agriculture of the Autonomous Republic of Ajara

13. Projects Implemented by International and Donor Organizations

- Workshops for bee-hive production and honey processing – the Shota Gorjeladze’s and Ramaz Kontsalidze’s production – started in the village of Chakvistavi in the Kobuleti Municipality with the assistance of the World Wildlife Fund (WWF) Caucasus Office and the Government of Poland.
- The project “the Development of Bee Keeping in the auxiliary area of the Mtirala National Park” is being carried out under the Ajara Sustainable Development Association (ASDA) uniting up to 30 beekeepers. The cost of the project is 48 000 EUR.
- Under the supervision of the World Wildlife Fund (WWF) Caucasus Office and the US Critical Ecosystems Partnership Fund (CEPF) the bee keeping business center started in the town of Chakvi. The cost of the project is 30 000 EUR “Presentation of Foreign Firms Manufacturing Veterinarian Medicines and Plant Protecting Means”.

Table 22. 14 projects Executed in the Ajara Autonomous Republic by International Organizations:

Project Executor	Partner International Organizations	Execution Period	Cost (USD)	Project
Public Administration Reforms (PAR)	United States International Development Agency	2008-2009	40 000	Strategic Plan of the Ministry of Agriculture of the Ajara AR for 2009-2012 worked out, the employees received trainings
Citro 2000 Ltd (Batumi)	ADA – Millennium	2008-2009	69 000	Purchasing and installing of equipments for citrus canning line
Pontomarine Aquaculture Ltd (Khelvachauri)	ADA – Millennium	2008-2009	50 000	Purchasing fish breeding cages
Fermeris Sakhli Ltd (Farmer’s House) (Khelvachauri)	ADA – Millennium	2008-2009	50 000	Purchasing vehicles and equipment for farmer’s house
Bee Keepers Association of Machakhela (Khelvachauri)	ADA – Millennium	2009-2010	40 000	Purchasing of honey processing devices
Georgian Tangerine (Kobuleti)	AGVANTAGE	2006	90 000	Purchasing and installation of citrus sorting line
Citrus Growers’ Association (Kobuleti)	AGVANTAGE	2006	50 000	Formation of Citrus Growers’ Association and Improvement of the citrus sorting line
Ango XXI Ltd (Shuakhevi)	ADA – Millennium	2008-2009	50 000	Purchasing of milk processing devices and equipment
Imedi 96 Ltd (Khulo)	ADA – Millennium	2008-2009	50 000	Purchasing of fruit drying equipment
Beglad Mikeladze Ltd (Khelvachauri)	ADA – Millennium	2009	48 000	Adopting greenhouse industry for producing saplings of raspberries and blue bilberries
Karchkhali Ltd (Khelvachauri)	USAID	2008-2009	150 000	Technological line for the production of combined food

Epidemiological Monitoring Station (Batumi)	US Defense Department Threat Reduction Agency	2008	150 000	Picking up the samples of exclusively dangerous diseases and sending them to the Kutaisi Laboratory
Plant Immunology Institute (Kobuleti)	International Center for Science and Technology (ISCT) grant, partner – Great Britain Defense Ministry	2004-2008	596 000	Discovering quarantine areas, their examination, improvement of plant protecting measures and equipping the laboratory with modern technology
		2009-2011	506 000	Improvement of Plant Protection
Kakhaberi Ltd (Khelvachauri)	ADA – Millennium	2009-2010	50 000	Refrigerator, milk tank, milk carrying vehicle were purchased, the project is at the initial stage
Total Financing			1 989 000	

Source: Ministry of Agriculture of the Ajara AR

14. Investment Projects

- Technical and economic parameters of vegetable (cucumber, tomato, sweet and plain peppers, eggplant, onion, potato, radish, carrot, maize, cabbage, rice, parsley, coriander, and dill) production have been worked out in order to determine the effectiveness of the investment projects;
- Investment project proposals for the development of nursery, greenhouse, medicinal and decorative plant growing industries on Georgian, Turkish, Russian and English languages, which were distributed among business centers worldwide and placed on the official web site of the Ministry of Finances and Economics of Ajara;
- Investment projects on fruit, berry and medicinal plant growing prospects in the Ajara AR have been elaborated;
- The Investment project on the establishment of a bay leaf processing plant in the Autonomous Republic of Ajara has been worked out together with Turkish businessmen;
- The bamboo plantation development project was worked out and submitted to the Ministry of Finances and Economics of the Ajara AR for Consideration;
- Specialists of the Ministry have selected 88 hectare tea rehabilitation territory in Machakhela and Kirtani communities (Khelvachauri Municipality), areas for each land were identified according to the map;
- The Ministry actively participated in the meetings with representatives of the Chamber of Commerce of Belorussia organized by the Chamber of Commerce of Georgia, which continued afterwards in Batumi;
- Areas of the agricultural state lands were compared during the reporting period of the Ministry with the cadastral maps according to the agricultural communities of Kobuleti and Khelvachauri Municipalities, and corresponding investment proposals were prepared and presented to the Ministry of Finances and Economics.

Table 23. Loans Approved by state program “Cheap Credit”

Company Name	Export	Agriculture, Folk Production	People Employed	Project Description
Lado Mindaishvili’s Painter House Ltf		20 000	5	Batumi – carpet knitting, thick felt processing, production of ceramics, iron galvanization
Iago Ltf	150 000		150	Selling the Green Brick tea, exporting to Mongolia, purchasing devices and equipment
Doruq Nut and Food Company Ltd	1 955 000		300	Nut production and canning; processing, canning, and packing of citrus, apples, pears, kiwi, cherries, strawberries will take place in Ajara. Plant output - 8 tons/hour
Individual entrepreneur Mirza Ebralidze		24 500	15	Chakvi town - development of mushroom growing two greenhouses
NeoFarm Ltd	200 000		200	Medicinal and decorative plants growing and processing
Ango XXI Ltd David Kekelidze	170 000		50	Farms for animal farming; farm rehabilitation and development
Diadema Ltd	300 000		60	Poultry, agricultural and industrial complex, conducting capital construction works to fix the building
I/E Beglar Mikeladze	200 000		20	Expansion of raspberry plantation, buying irrigation system or technology line, and the Telameni raspberry species nursery stocks
Natural Person Temur Bolkvadze		59 000	7	Khelvachauri – building farm for animal farming and producing milk for commercial purposes
Citro Tea Ajara 2006 Ltd		38 500	118	Tea Processing. Production of green elite tea
I/E Manana Bolkvadze		50 000	10	Khelvachauri – expansion of pastry production
Urekhi Ltd	1 413 000		50	Production of wheat flour
Fruit Company Orange Ltd	1 000 000		320	Citrus processing
I/E Avtandil Meskhi		50 000	10	Khulo – summer greenhouse development and expansion
	5388000	242000	1315	
Total:		5630000		

Source: Ministry of Agriculture of the Ajara AR

15. Target Programs Implemented in 2004-2009

Table 24. Target Programs Implemented by the Ministry of Agriculture of Ajara AR in 2004

Name of Program	Expenses (GEL)	Results Attained
Measures against American white butterfly	79 442	Chemical treatments carried out within the program in the Batumi, Khelvachauri and Kobuleti coastline
Measures against erosion	10 000	In total 5000 nut trees were planted within the program on eroded territories. 1500 trees were planted in Kobuleti, 2400 ones in Shuakhevi, and 1100 ones in Khulo
Total	89 442	

Source: Ministry of Agriculture of the Ajara AR

Table 25. Target Programs Implemented by the Ministry of Agriculture of Ajara AR in 2005

Name of Program	Expenses (GEL)	Results Attained
Measures against American white butterfly	49 760	Chemical treatments carried out within the program in the Batumi, Khelvachauri and Kobuleti coastline
Measures against erosion	30 000	In total 5515 nut trees were planted within the program on the eroded territories. 2150 trees where planted in Khelvachauri, 1315 ones in Qeda, 1000 ones in Shuakhevi, and 1050 ones in Khulo
Application of ecologically clean biotechnical method in Agro-climate environment of Ajara for improving harvest and quality of grains	20 000	In order to improve yields and quality of grains the population was given 37 liters of Biorag, including Kobuleti – 18 liters, Khelvachauri – 9.4 liters, Qeda – 3 liters, Shuakhevi – 3.6 liters, and Khulo – 3 liters
Providing population with improved species of planting stock	17 926	Population was granted, free of charge, the improved 42 625 units of different planting stock. Including – Kobuleti - 5000; Khelvachauri - 12 670; Qeda – 16 755; Shuakhevi – 5000; Khulo – 3200.
Facilitation of measures against citrus harming diseases	80 000	In order to fight against citrus diseases the population was given 1590kg of the medicine Sammaiti free of charge, including – Kobuleti – 700kg; Khelvachauri – 890kg;
Making and supplying of oily emulsion to fight against citrus diseases	39 680	In order to fight against citrus diseases the population was given 14 040 kg of oily emulsion free of charge, including Kobuleti – 9040kg; Khelvachauri – 5000kg;
Geological Research Program	63 413	
Working out Rehabilitation Program for Citrus Plants	5235	
Total	306 014	

Source: Ministry of Agriculture of the Ajara AR

Table 26. Target Programs Implemented by the Ministry of Agriculture of Ajara AR in 2006

Name of Program	Expenses (GEL)	Results Attained
Providing population with improved species of planting stock	80 000	Population of all five Municipalities was given the improved 88 750 units of different planting stock free of charge,. Including – Kobuleti – 12 650; Khelvachauri – 19 500; Qeda – 26 400; Shuakhevi – 16 300; Khulo – 13 900.
Facilitating measures against citrus harming diseases	148 800	In total 3336 kg of the medicine Sammaiti was distributed free of charge under the program, including Kobuleti – 1500 kg for 500ha; Khelvachauri – 1836kg for 612ha;
Measures against American white butterfly	119 546	Chemical treatments carried out within the program for 400ha including Batumi – 120ha, Khelvachauri – 160ha and Kobuleti – 120ha
Total	348 346	

Source: Ministry of Agriculture of the Ajara AR

Table 27. Target Programs Implemented by the Ministry of Agriculture of Ajara AR in 2007

Name of Program	Expenses (GEL)	Results Attained
Providing population with improved species of planting stock	95 555	Population of all five Municipalities was given the improved 111 900 units of different planting stock free of charge,. Including – Kobuleti – 19 500; Khelvachauri – 29 500; Qeda – 28 500; Shuakhevi – 19 000; Khulo – 15 400.
Subvention of canning process for non-standard citruses and those which are damaged by hail	556 517,5	Subvention in the amount of 0.05 GEL was paid out for each kg of citrus fruits sold by the population to canneries. Total quantity of citrus fruits processed amounted to 11 130 tons
Facilitation of export sales for citrus fruits	900 000	900 000 GEL of easy credit was issued to the exporter firms. As a result more than 70 000 tons of citruses were exported within the credit.
Measures against American white butterfly	169 436	Chemical treatments carried out within the program for 320ha including Batumi – 120ha, Khelvachauri – 100ha and Kobuleti – 100ha. Medicines were also distributed among the population in order to carry out treatments for additional 744ha.
Total	1 721 508,5	

Source: Ministry of Agriculture of the Ajara AR

Table 28. Target Programs Implemented by the Ministry of Agriculture of Ajara AR in 2008

Name of Program	Expenses (GEL)	Results Attained
Providing population of the Autonomous Republic of Ajara with pure species of vine, fruits, citrus and other nursery stocks	43 800	The farmers were given 35 650 units of different nursery stock free of charge , including 3000 units in Kobuleti, 4000 units in Khelvachauri, 13 000 units in Qeda, 7800 units of Shuakhevi, and 7850 units in Khulo
Training of and providing consultations to the farmers. Supplying them with information manuals and text-books	4400	200 farmers from all 5 municipalities received trainings under the program. Also 1000 copies of informative brochures were distributed among the population
Purchasing of small machineries	199 960	80 units of small machineries were purchased
Purchasing of Agricultural machinery	939 000	10 units of caterpillar, 5 units of tractor of common use, 10 units of 4 frame and 5 units of 3 frame ploughs were purchased within the framework of the program.
Measures against American butterfly	198 937	Chemical treatment was carried on 1500ha (600ha for first generation, 900ha for the second one)
Laboratory analysis of drinking water quality	102 344	600 water samples were taken from the whole Ajara for laboratory analysis under the program
Preventive measures against common animal and human diseases (vaccination)	146 400	One-time vaccination against rabies and murrain for 300 757 heads of cattle and light cattle were carried out within the program.
Total	1 634 841	

Source: Ministry of Agriculture of the Ajara AR

Table 29. Target Programs Implemented by the Ministry of Agriculture of the Ajara AR in 2009

Name of Program	Expenses (GEL)	Results Attained
Purchase of small mechanization facilities	195 000	In total 75 multifunction motor cultivators were submitted to farmers after 50% advance payment within the program based on co-financing principle, including Kobuleti - 8 units, Khelvachauri – 18 units, Qeda 15 units, Shuakhevi – 14 units, Khulo – 20 units. Amount payable by a farmer amounted to 1300GEL.
Promotion of farmers for the renewal of one-year cultural species	269 000	120 tons of elite potato seeds were purchased within the program, out of which 25000kg of “Agria”, 35 000kg of “Mafrona”, 35 000 kg of “Jeli”, and 25 000 kg of “Dezire”. Seeds were purchased based on co-financing principle after 50% advance payment and submitted to farmers of all 5 municipalities, 70% of which was given to the Khulo Municipality.
Laboratory research program for controlling food safety	38 500	Food-stuff selling facilities of the whole region were monitored under the program, by taking samples and conveying them to laboratory for chemical and bacteriological analysis. In total 220 samples were taken
Measures against American butterfly	365 865	Chemical treatments were carried out on 2600ha under the program in the Batumi, Kobuleti, and Khelvachauri regions
Laboratory research for controlling drinking water	109 810	In order to reduce infection diseases transmitted by water and prevent epidemic explosions laboratory examination of water is

quality		carried out periodically; in total 600 water samples were taken which was sent to the laboratory for making chemical and bacteriological analysis
Preventive measures against common animal and human diseases (vaccination)	225 600	108 heads of cattle were vaccinated against Anthrax and Murrain under the program, vaccination against Murrain was conducted twice. 24 400 cats and dogs were vaccinated against rabies. The first stage of vaccination is completed. The second stage – vaccination against Murrain is under way
Training of and providing consultations to the farmers. Supplying them with information manuals and text-books	17 950	721 farmers from all 5 municipalities received trainings according to sectors of agriculture under the program. Also the farmers were given 4000 copies of introductory textbooks.
Total	1 221 725	

Source: Ministry of Agriculture of the Ajara AR

SWOT Analysis For Agriculture

<p><u>Strengths</u></p> <ul style="list-style-type: none"> - Favorable geographic location of the region; - Unique subtropical and tropical climate and natural conditions; - Favorable soil and climate for producing organic products; - Availability of arable agricultural lands; - Increasing demand on local agricultural products; - Availability of labour resources; - Favorable trade regime for export of agricultural products; - Diversified agrarian sector of the region; 	<p><u>Weaknesses</u></p> <ul style="list-style-type: none"> - Poor applicability of agricultural lands; - few small and medium sized agricultural firms; - Deficit of a new machinery and low quality of agricultural technology; - Low mechanization quality; high share of manual labour in rural areas; - Poor quality of development of breeding, nursery, seed growing, plant species testing/protection, melioration, veterinarian, agro-engineering and other infrastructures; - Poor quality of agricultural product gathering, warehouse and realization services; - Existence of eroded areas in the region and high population density; - Poor infrastructure in rural areas (internal roads, gasification, water supply systems, telephone line, internet and etc); - Poor introduction of disease resistant species and their renovation activities adopted to local natural and climate conditions; - Strong amortization of a multiyear nursery stock and its sparseness; - Poor productivity; - Poor production image of agricultural products, high share of a non-standard production; - High single costs; - Limited export ranges for agricultural products; - Poor knowledge of agricultural techniques and marketing, conservative approaches towards novelties; - Poor informational and consultative support of farmers; - Poor consolidation and coordination among people engaged in the sector of agriculture; - Low interest from banks and financial organizations in the sector of agriculture and unfavourable banking terms (high interest rates); - Absence of insurance services in the sector of agriculture of the region; - Poor food safety and quality measures;
<p><u>Opportunities</u></p> <ul style="list-style-type: none"> - Development of agriculture; - Increasing the volumes of agricultural production; - Orienting local and foreign business societies on making investments in the agriculture of the region; - Developing new export markets; - Growth of farmer's revenues; - Increasing the demand on bio products on the world and local 	<p><u>Threats</u></p> <ul style="list-style-type: none"> - Global economic crisis; - Inflation; - Global warming, natural calamities, deterioration of ecologic environment, and etc; - Lack of diversified markets; - Mass distribution of animal and plant diseases; - endangering consumers' health due to absence of food safety system; - Damping of imported products;

<p>markets;</p> <ul style="list-style-type: none">- Orienting international and donor organizations on agricultural sector;- Increasing the number of tourists;- Developing opportunities for agro-tourism, ecotourism, mountain and hunting tourisms;- Full gasification of the region;- Development of local and international road infrastructure;	
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STRATEGIC DIRECTIOTS

Facilitation of Effective Utilization of Agricultural Lands

Studying the areas of large contour land, and determining their size based on the specificity of this kind of land, and facilitating their selling or renting activities on favourable terms (with the help of the Ministry of Agriculture and the Division for Environmental Protection) in order to activate the process of privatization of agricultural lands and increase the availability of land utilization;

- 1) Improve property tax administration on agricultural land in order to increase land utilization efficiency and activate registration process, which will facilitate the increase of land owner's awareness - as land certificate is a ground for tax accrual;
- 2) Program and project orientation for facilitation of cooperation and consolidation among workers;
- 3) Rational utilization of agricultural lands and facilitation of program implementation ensuring ecological safety;
- 4) Facilitate electronic information basis in the regional agricultural sector;

Facilitation of Production Intensification Growth

- 5) Promotion of implementation of supporting programs via equipping agricultural entrepreneurs with machineries, including means of small mechanization;
- 6) Facilitation of implementation of programs in adopting (co-financing) biogas equipment in mountainous Ajara;
- 7) Facilitation of the activation of programs for sustainable species of high revenue plants adopted with local natural and climate environment;
- 8) Promotion of animal farming development via animal identification, and arrangement of artificial insemination service centers and slaughterhouses;
- 9) Promotion of the development of fish farming and bee-keeping industries;
- 10) Facilitation of land productivity growth.

Facilitation of the Development of Education in Agriculture

- 11) Providing trainings and consultations for people employed in agricultural sector and encouraging their training abroad;
- 12) Supporting education in foreign countries to overcome deficient specialists in agricultural sector (agronomists, veterinarians, entomologists, and etc);
- 13) Stimulating students' education in deficient agricultural fields.

Facilitation of the Development of Infrastructure for Agricultural Production

- 14) Stimulating the creation of enterprises for gathering production-related raw materials, warehouses and processing facilities;
- 15) Stimulating the formation of nurseries and seed growing industry;
- 16) Promotion of the development of farmers' service centers;
- 17) Securing subvention, warranting and co-financing for priority agricultural projects;

Promotion of Agricultural Business Development

- 18) Facilitation of the development of favourable investment environment;
- 19) Promotion of crediting, insurance, and leasing systems development;
- 20) Facilitation of export market diversification and export infrastructure development;
- 21) Facilitation of agricultural tourism Development;
- 22) Promoting the creation of business incubators;
- 23) Organizing business forums and fairs of agricultural output;
- 24) Facilitation of the development of small and medium size enterprises;

- 25) Promoting auxiliary infrastructure development (power, water, gas, roads, and etc);
- 26) Facilitation of the adoption of international standards (ISO, HACCP, GLOBAL GAP, CODEX ALIMENTARIUS, and etc);

Facilitation of Systems of Food Safety and Quality, Veterinary and Plant Protection

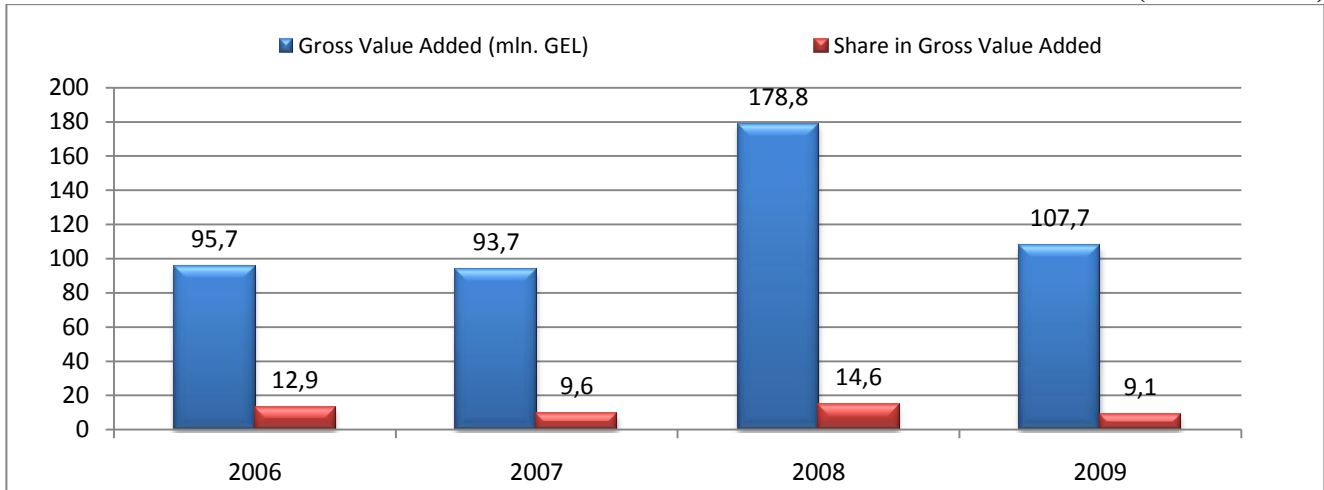
- 27) Facilitation of the implementation of surveillance, monitoring and state control over food safety and quality;
- 28) Promotion of monitoring and control activities in order to improve phytosanitary situation and reliability of products of animal farming;
- 29) Facilitation of measures against dangerous infectious diseases harmful for human health and animals;
- 30) Promoting the establishment of a modern standard laboratory;

Chapter 5. Construction

1. Share of construction in GVA of Ajara AR was 9.1% in 2009.

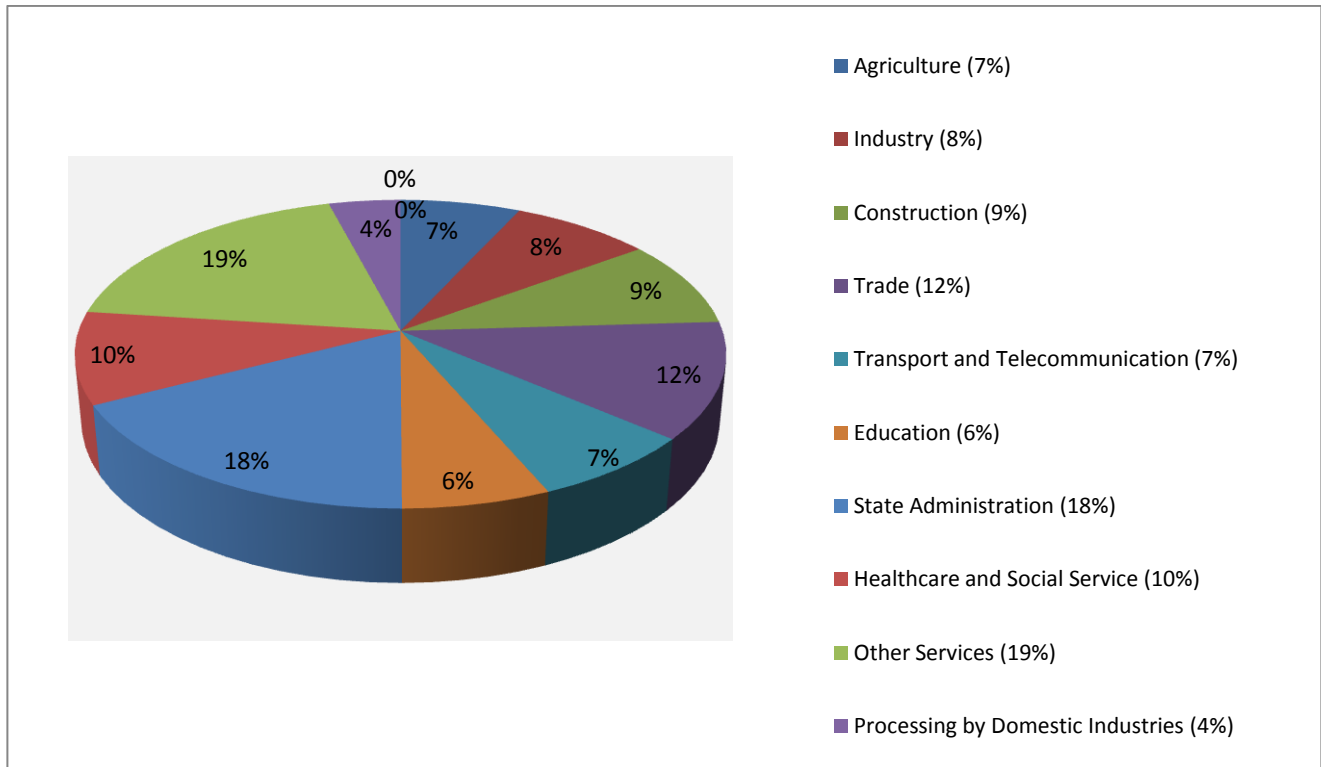
Chart 1. GVA produced in construction and share in GDP of Ajara AR in 2006-2009

(million GEL)



Source: National Statistics Office of Georgia

Chart 2. GVA, by Sectors of Economy in Ajara AR (2009)



Source: National Statistics Office of Georgia

2. **Share of construction output of Ajara AR in Country's gross construction (business sector) is characterized with growing tendencies in previous years.** The volume of production in Ajara AR amounted to 191 million GEL in 2009 (Table 1, 3) that is 20.4% less compared to the previous year. The Chart 4 clearly demonstrates that growth of construction output took place only in Ajara.

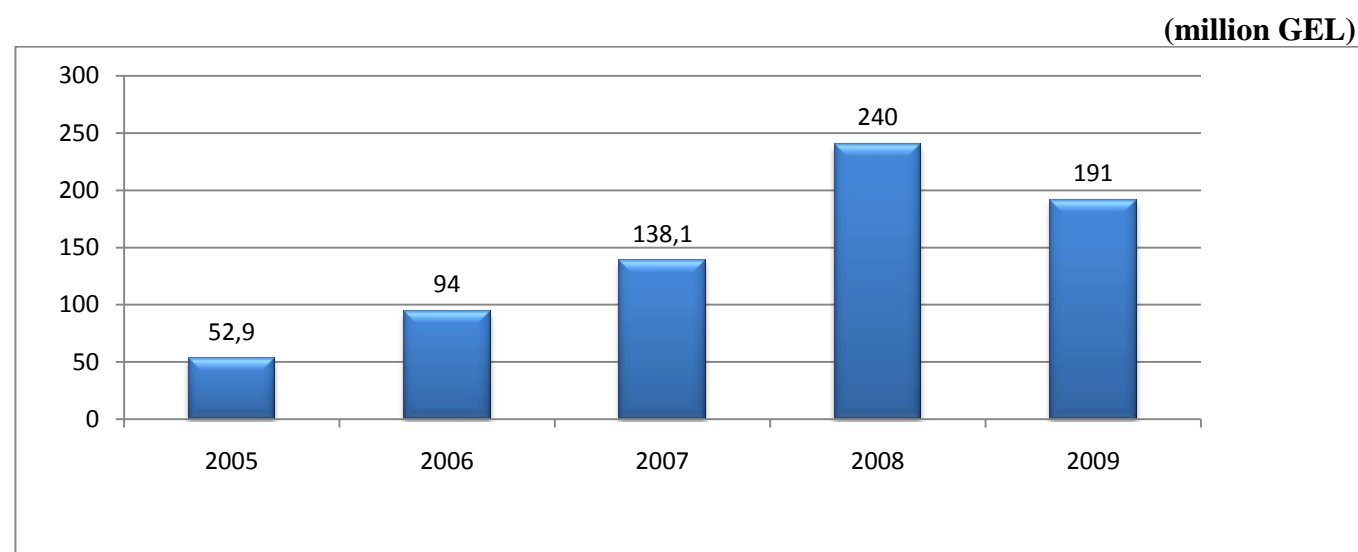
Table 1. Construction Output, by Regions in 2005-2009 (business sector)

(million GEL)

Years	Georgia, total	Tbilisi	Ajara AR	Guria	Imereti	Kakheti	Mtskheta-Mtianeti	Racha-Lechkhumi and Lower Svaneti	Samegrelo-Upper Svaneti	Samtskhe-Javakheti	Kvemo Kartli	Shida Kartli
2005	768,9	486,2	52,9	3,3	33,6	4,9	13,8	7,1	88,1	15,8	32,0	31,2
2006	1186,0	756,9	94,0	13,5	49,8	14,2	27,2	6,2	120,5	13,6	40,5	49,3
2007	1718,2	1105,3	138,1	9,5	65,1	20,6	15,3	5,7	234,6	13,0	43,8	66,6
2008	1434,7	887,2	240,0	11,4	38,1	17,3	9,1	7,6	110,5	21,1	33,4	57,7
2009	1752,6	1275,1	191,0	2,6	46,8	25,4	16,8	10,4	87,4	7,7	37,5	51,6

Source: National Statistics Office of Georgia

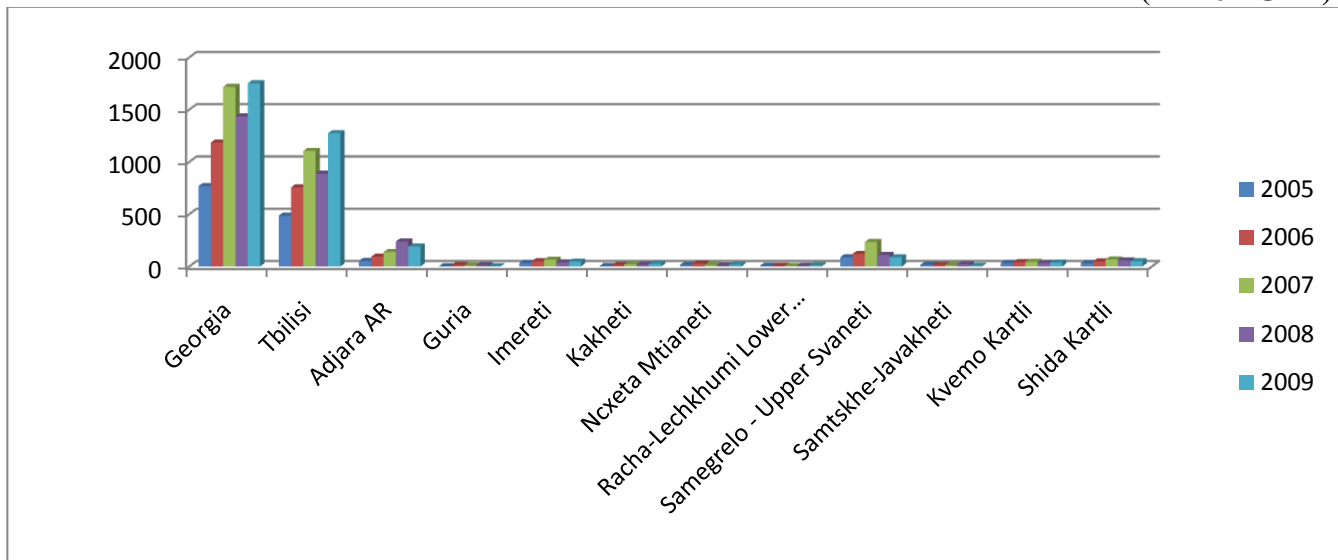
Chart 3. Construction Output in Ajara AR in 2005-2009 (business sector)



Source: National Statistics Office of Georgia

Chart 4. Volume of Construction Output, by regions in 2005-2009 (business sector

(million GEL)



Source: National Statistics Office of Georgia

- Turnover in the Construction sector (business sector) equalled to 184.1 million GEL in Ajara AR in 2009**, which is 23% less compared to the previous year; the Value Added in 2009 equalled to 72.4 million GEL which is 15.9% less than in 2008.

Table 2. Turnover and Value Added in the construction in Ajara AR in 2006-2009 (business sector)

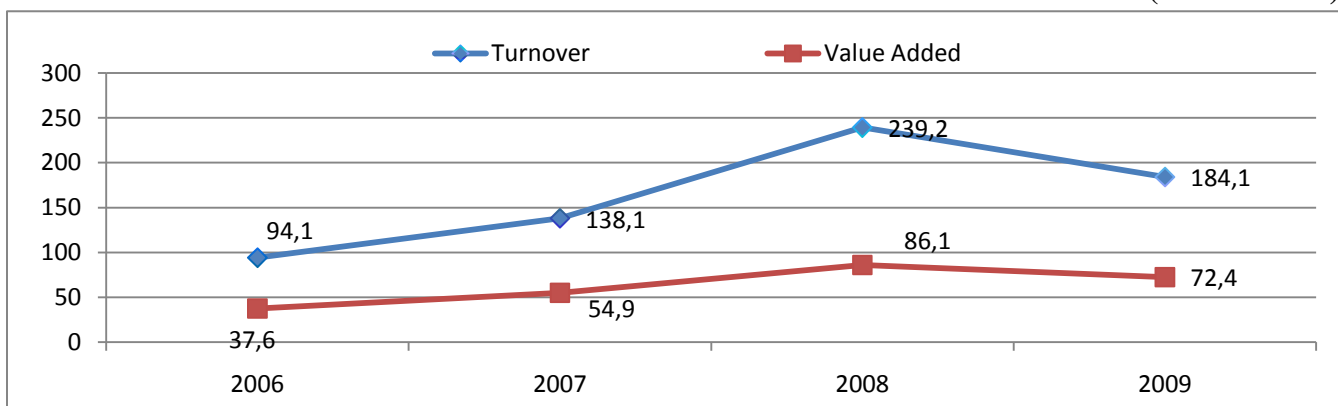
(million GEL)

Name	2006	2007	2008	2009
Turnover	94.1	138.1	239.2	184.1
Value Added	37.6	54.9	86.1	72.4

Source: National Statistics Office of Georgia

Chart 5. Turnover and Value Added in Construction in Ajara AR in 2006-2009 (business sector)

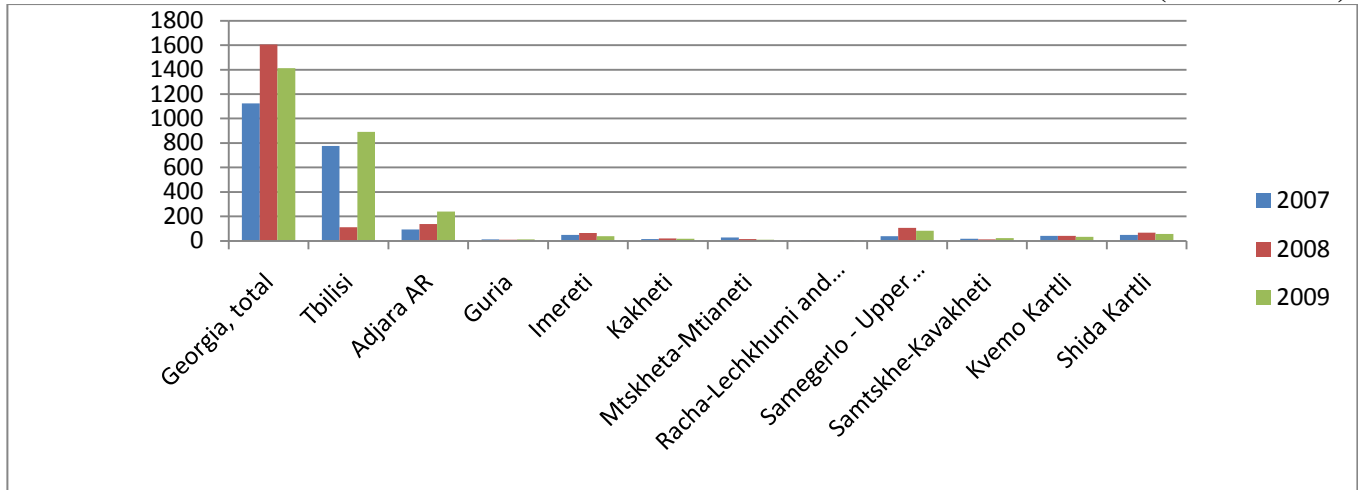
(million GEL)



Source: National Statistics Office of Georgia

Chart 6. Construction Turnover, by regions in 2007-2009 (business sector)

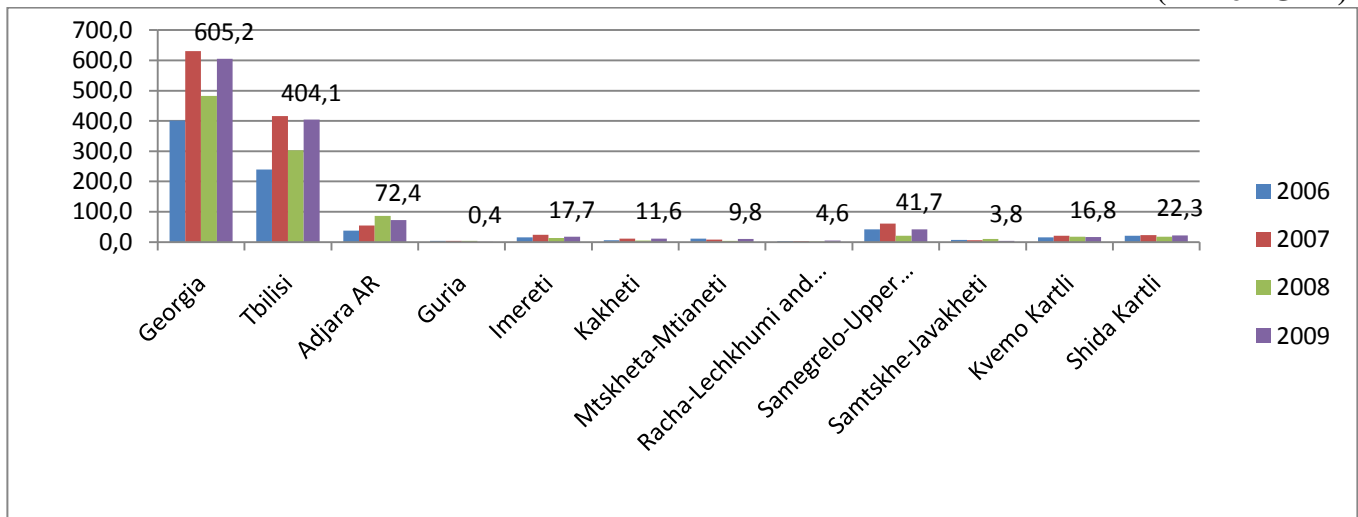
(million GEL)



Source: National Statistics Office of Georgia

Chart 7. Value Added in Construction, by regions in 2006-2009 (business sector)

(million GEL)



Source: National Statistics Office of Georgia

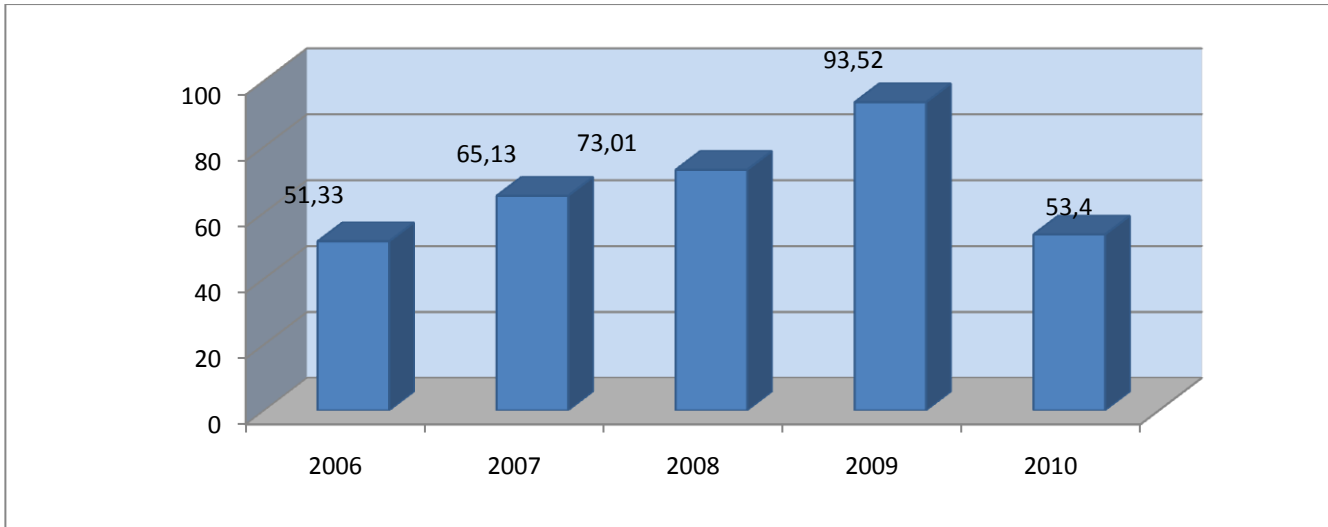
4. **Private investments made in the construction sector in Ajara AR in 2010 amounted to 53.4 million GEL** which is 40.12 million GEL less than in previous year.

Table 3. Private Investments in Construction Sector in Ajara AR (2006-2010, million GEL)

	2006	2007	2008	2009	2010
Private Investments	51,33	65,13	73,01	93,52	53,4

Source: Ministry of Finances and Economics of Ajara AR

Chart 8. Dynamics of Private Investments in Construction in Ajara AR (2006-2010)



Source: Ministry of Finances and Economics of Ajara AR

5. **Average labour remuneration rate in the sector of construction in Ajara AR amounted to 608.8 GEL in 2009** which is 10% higher than in previous years. However average wage in Georgia made up 629 GEL in 2009.

Table 4. Average monthly labour remuneration rate in construction, by regions 2006-2009 (business sector)

Years	(GEL)											
	Georgia, total	Tbilisi	Ajara AR	Guria	Imereti	Kakheti	Mtskheta-Mtianeti	Racha-Lechkhumi and Lower Svaneti	Samegrelo-Upper Svaneti	Samtskhe-Javakheti	Kvemo Kartli	Shida Kartli
2006	391,0	463,2	309,9	214,3	235,1	181,7	275,6	169,8	571,3	372,9	312,3	226,2
2007	495,1	565,6	401,8	245,6	243,2	477,9	413,3	283,5	729,8	193,3	308,9	304,1
2008	600,9	730,6	553,5	462,5	257,2	282,4	321,5	365,5	572,1	407,3	458,1	543,3
2009	629,0	758,1	608,8	272,2	352,7	354,6	507,2	447,3	378,5	282,3	461,9	446,9

Source: National Statistics Office of Georgia

6. **Purchases of goods and services in construction in Ajara AR amounted to 114.5 million GEL in 2009** which is 30.6% less than in 2008. Volume of purchases in Ajara AR makes up only 10.2% of that of Georgia.

Table 5. Purchases of goods and services in construction, by regions in 2007-2009 (business sector)

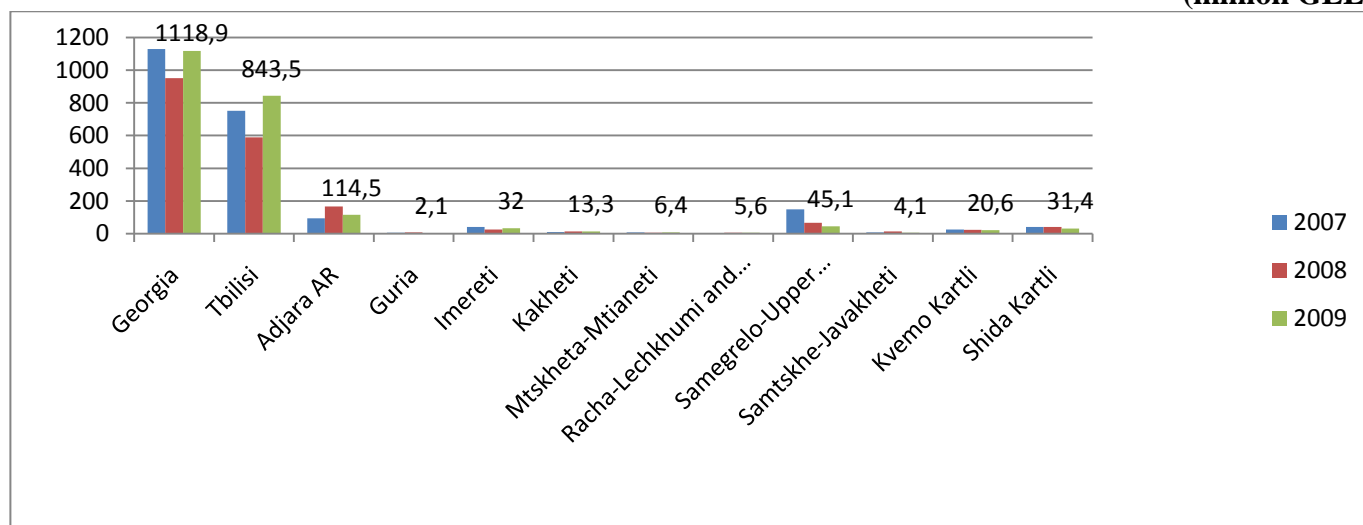
(million GEL)

Years	Georgia, total	Tbilisi	Ajara AR	Guria	Imereti	Kakheti	Mtskheta-Mtianeti	Racha-Lechkhumi and Lower Svaneti	Samegrelo-Upper Svaneti	Samtskhe-Javakheti	Kvemo Kartli	Shida Kartli
2007	1130,1	751,6	92,6	5,7	39,8	9,1	7,5	2,5	147,9	7,2	25,3	40,6
2008	952,1	589,2	165,1	7,0	25,0	12,5	5,6	5,5	66,2	13,2	21,8	39,9
2009	1118,9	843,5	114,5	2,1	32,0	13,3	6,4	5,6	45,1	4,1	20,6	31,4

Source: National Statistics Office of Georgia

Chart 9. Purchases of goods and services in construction by regions in 2007-2009 (business sector)

(million GEL)



Source: National Statistics Office of Georgia

7. **5591 people were employed in construction in Ajara AR in 2009** making up 12.9% of those who were employed in this sector throughout the country. Compared to the previous year the number of employed increased by 240 people (by 4.5%).

Table 6. Number of people employed in construction, by regions (business sector)

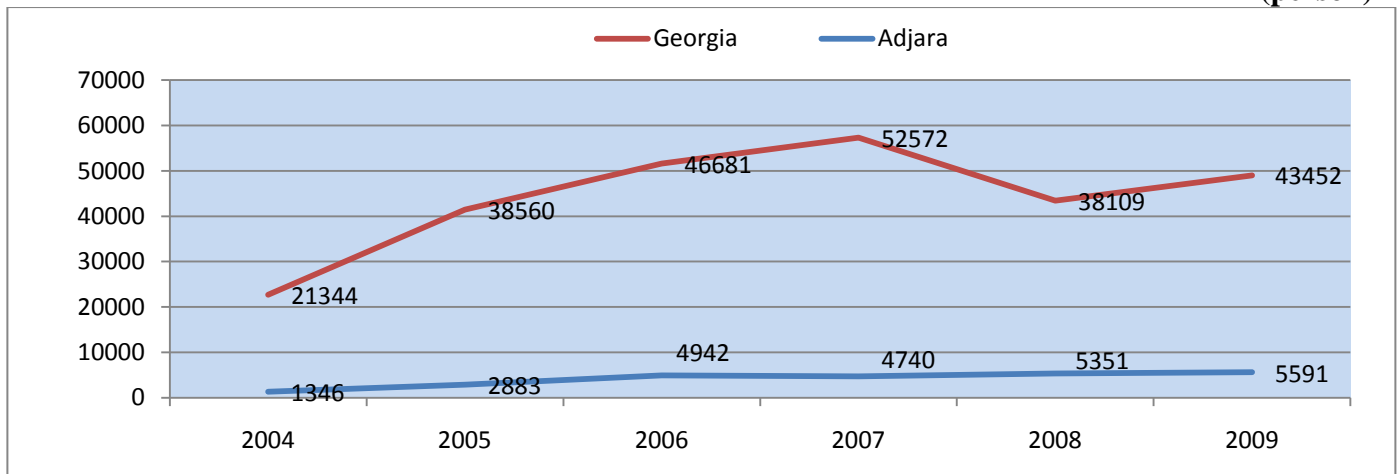
(person)

Years	Georgia, total	Tbilisi	Ajara AR	Guria	Imereti	Kakheti	Mtskheta-Mtianeti	Racha-Lechkhumi and Lower Svaneti	Samegrelo-Upper Svaneti	Samtskhe-Javakheti	Kvemo Kartli	Shida Kartli
2004	21344	11802	1346	362	1688	617	833	458	1786	280	1042	1130
2005	38560	21454	2883	416	2457	748	1179	688	3317	1502	2216	1700
2006	46681	23754	4942	790	3225	1459	2049	786	3830	902	2008	2914
2007	52572	28918	4740	495	5097	990	1075	396	4874	824	2662	2454
2008	38109	20055	5351	584	3241	964	664	573	2470	980	1558	1647
2009	43452	24487	5591	182	2837	1847	1015	569	2426	525	1741	2215

Source: National Statistics Office of Georgia

Chart 10. Number of people employed in construction in Ajara AR vs Georgia, by years (business sector)

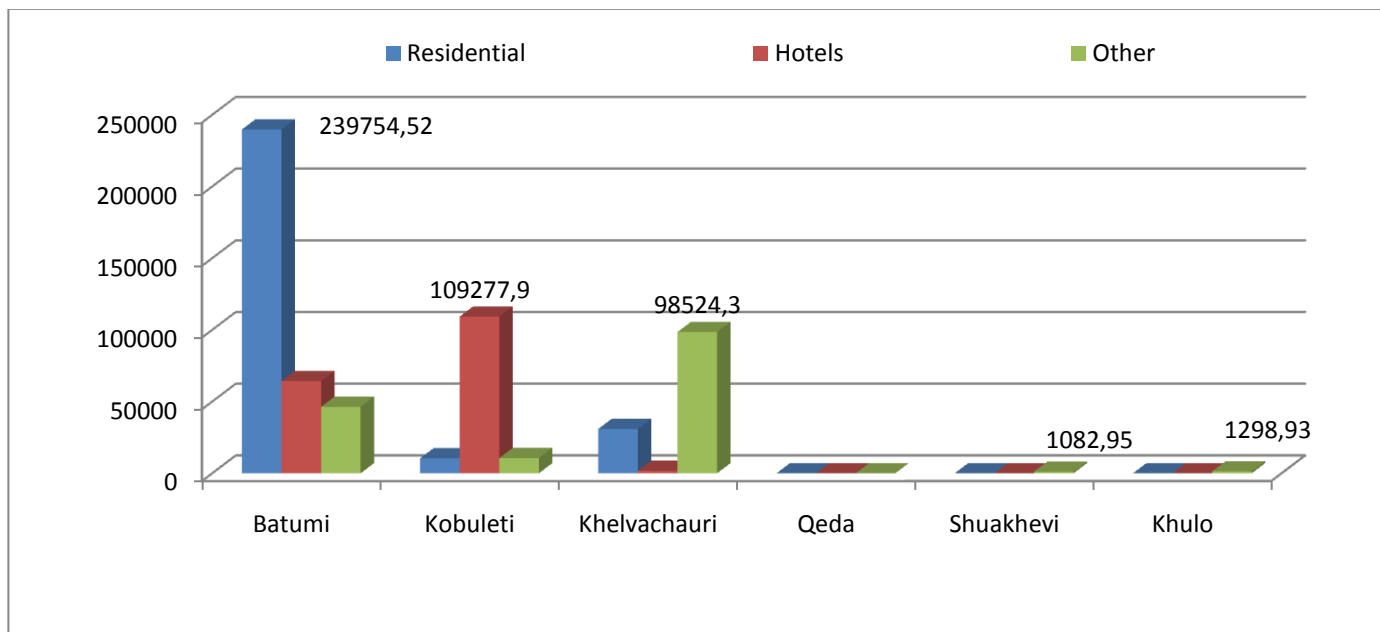
(person)



Source: National Statistics Office of Georgia

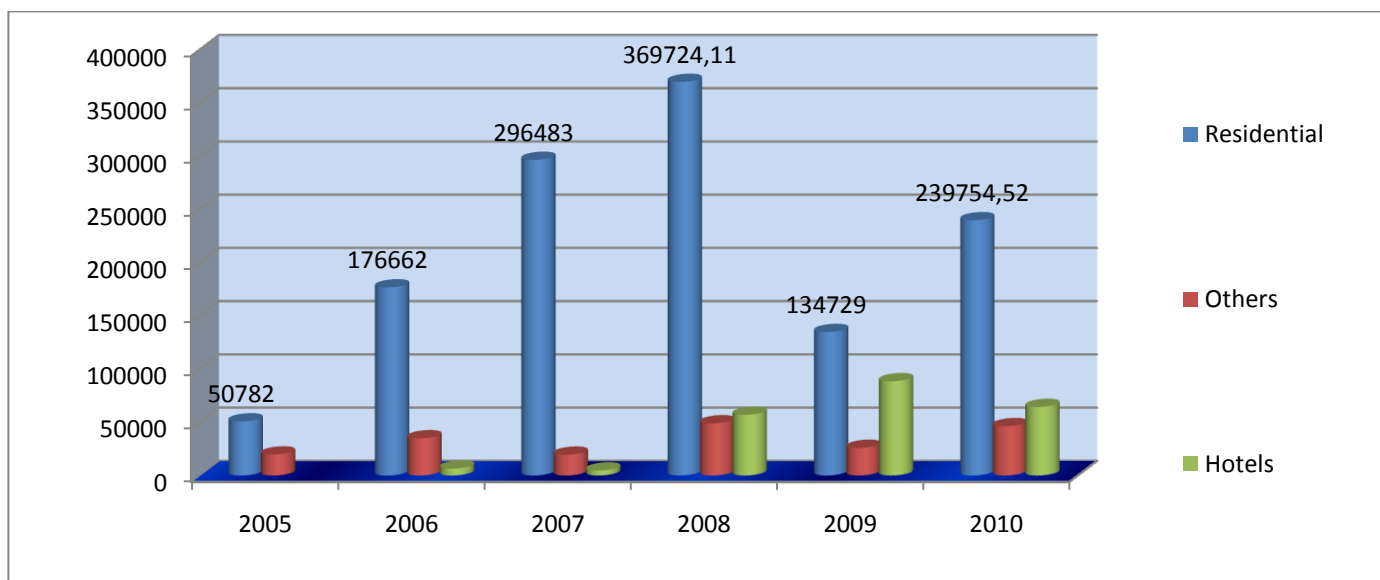
8. **Volume of loans issued by commercial banks and micro financial organizations for the construction sector in 2010 amounted to 39 145 thousand GEL.** Loans issued for the construction sector made up 8.3% of the loans provided for all sectors of economy of the region.
9. **Total area (m²) according to the permits issued by the local self-governments in Ajara AR in 2005-2010**

Chart 11. Total area (m²) according to the permits issued by the local self-governments in Ajara AR (2010)



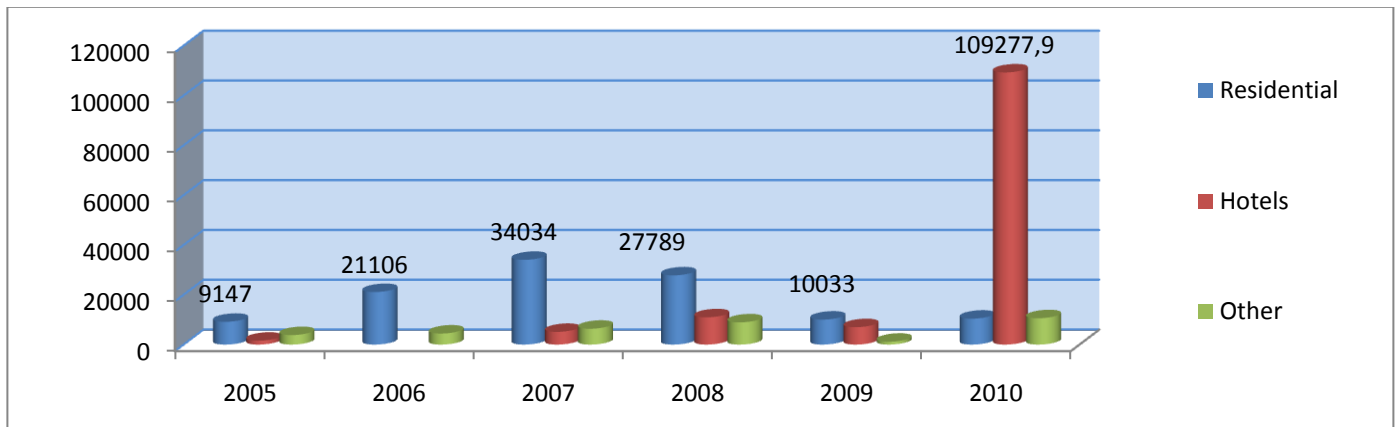
Source: Local Self-Government Institutions

Chart 12. Total area (m²) according to the permits issued by Batumi local self-governments (2005 - 2010)



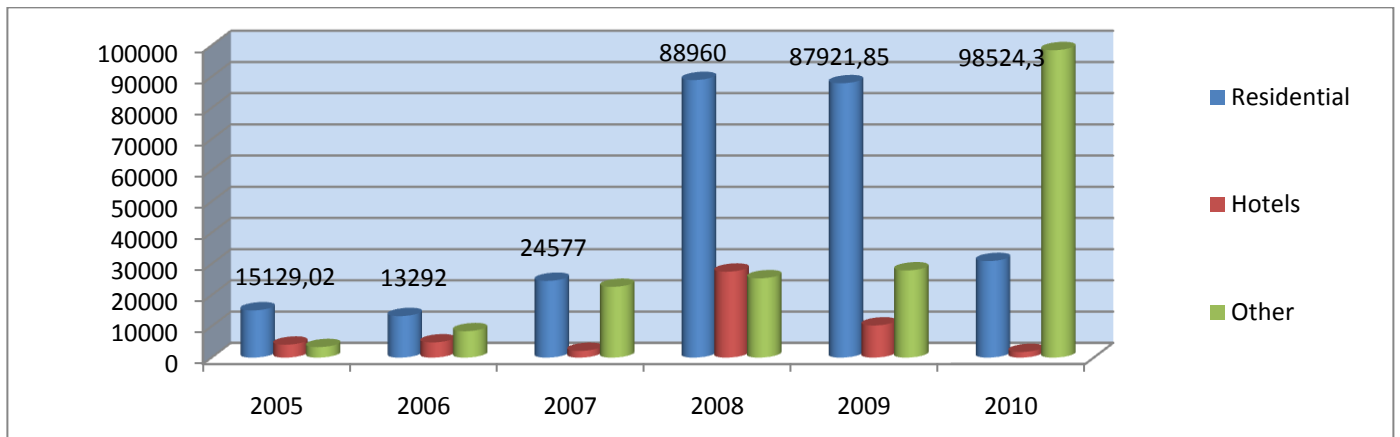
Source: Batumi City Hall

Chart 13. Total area (m²) according to the permits issued by Kobuleti local self-governments (2005 - 2010)



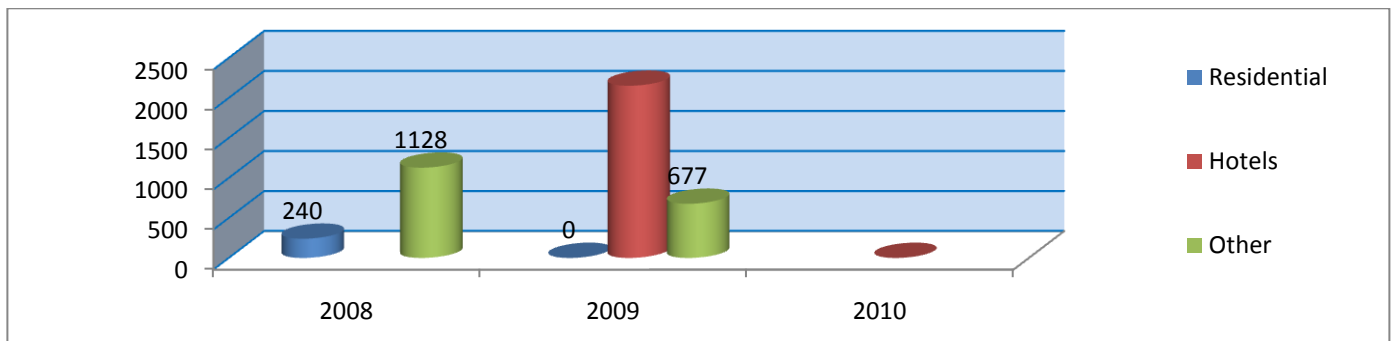
Source: Kobuleti Municipality

Chart 14. . Total area (m²) according to the permits issued by Khelvachauri local self-governments (2005 - 2010)



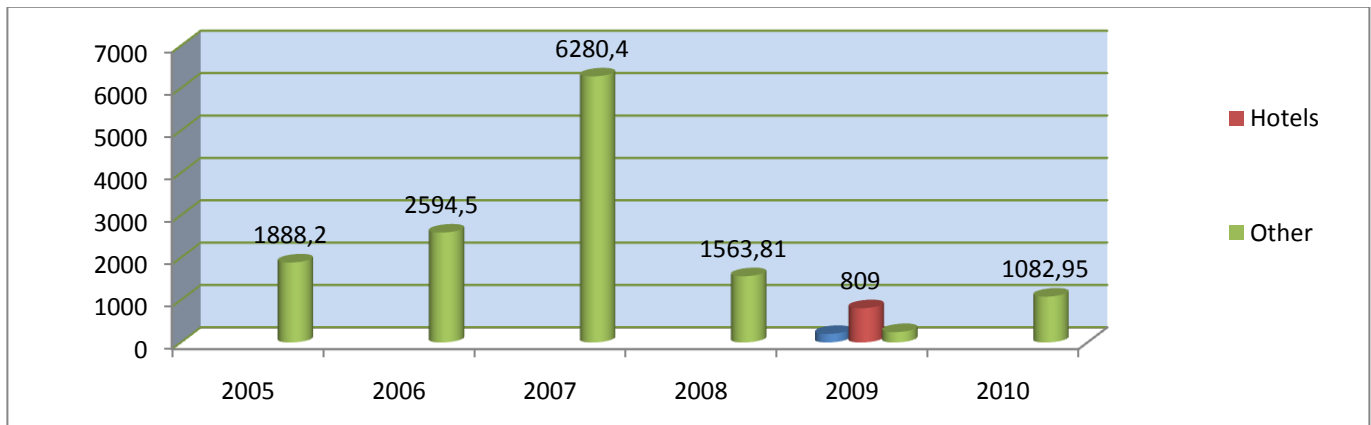
Source: Khelvachauri Municipality

Chart 15. . Total area (m²) according to the permits issued by Qeda local self-governments (2008 - 2010)



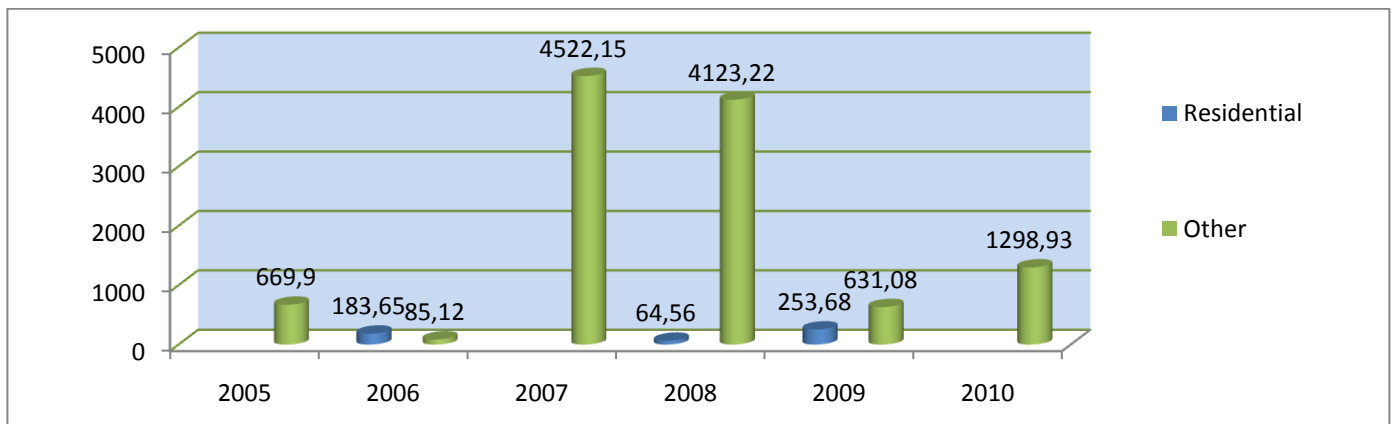
Source: Qeda Municipality

Chart 16. Total area (m²) according to the permits issued by Shuakhevi local self-governments (2005 - 2010)



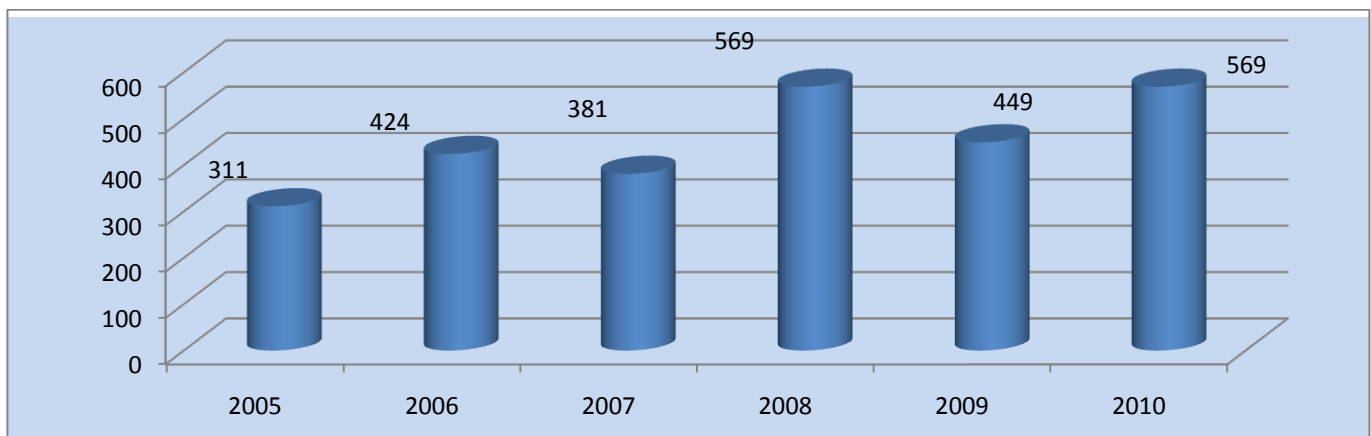
Source: Shuakhevi Municipality

Chart 17. Total area (m²) according to the permits issued by Khulo local self-governments (2005 - 2010)



Source: Khulo Municipality

Chart 18. Number of permits issued in Ajara AR in 2005-2010



Source: Ministry of Finances and Economics of Ajara AR

569 building permits were issued in Ajara AR in 2010, including 371 in Batumi, 34 in Kobuleti, 155 in Khelvachauri, 4 in Shuakhevi, 5 in Khulo. No building permits were issued in Qeda.

10. There were 514 objects under construction in Ajara AR by 31 December, 2010, including 429 objects being in the process of construction and 85 suspended.

Table 7. Number of objects under construction in Ajara AR in 2010

Administrative Entity	Number of Objects Under Construction	Under Construction	Suspended
Batumi	222	179	43
Kobuleti	80	53	27
Khelvachauri	204	190	14
Qeda	2	2	0
Shuakhevi	4	4	0
Khulo	2	1	1
Total	514	429	85

Source: Ministry of Finances and Economics of Ajara AR

11. According to the data of the Service of Geology of the Division of Environmental Protection and Natural Resources 541 damaged buildings were registered in Ajara AR in 2010, out of them 173 were in Kobuleti, 184 in Khelvachauri, 34 in Qeda, 104 in Shuakhevi, and 46 in Khulo.

Table 8. Number of damaged buildings in Ajara AR in 2009-2010

Name	Damaged Building		Subject to relocation	
	2009	2010	2009	2010
Kobuleti	37	173	18	100
Khelvachauri	429	184	39	137
Qeda	115	34	18	10
Shuakhevi	83	104	17	17
Khulo	148	46	32	25
Total	812	541	124	289

Source: Division of Environmental Protection and Natural Resources of Ajara AR

SWOT Analysis For Construction

Strengths

- Favourable investment climate;
- Liberal tax policy;
- High potential for economic growth;
- Simplified procedures for issuing permits: single window system, low permit fees;
- Wide area of privatization;
- Cheap labour force;
- Number of private building and design companies;
- Diversified market of orders;
- Wide implementation of small and large infrastructural projects;
- state programs aimed at supporting construction;
- Growth of investments in other sectors of economy;
- Rapid development of appropriate infrastructure with respect to the increased role of seacoast and transit in the region;
- Availability of mineral reserves needed for producing construction materials;
- Program aimed at ensuring gas supplies to the region (gasification);
- Society's readiness for changes and reforms;
- Implementation of infrastructural projects with budgetary funds and co-participation of international financial institutions.

Weaknesses

- Partially obsolete and physically depreciated construction machinery;
- Poor activity in using energy-efficient and ecologically safe technologies and materials;
- Shortages in qualified and professional personnel;
- Poor diversification and specialization of construction workers;
- Inappropriate construction management;
- Poor marketing;
- Poor system for quality management and control in construction;
- Low credibility of consumers toward developing companies;
- Imperfections in mechanisms of protection of consumers' rights;
- High interest rates on mortgage loans;
- High interest rates on loans for construction business;
- High prices on construction products due to adherence to seismological standards;
- Lack of companies producing construction materials and little choice in products;
- Absence of documentation about spatial-territorial planning of Ajara AR, municipalities and settlements;
- Irrational utilization of resorts and territories with significant resources;
- Poor involvement of the society in implementation (including planning) of different projects, and poor publicity;
- Relatively poor culture of abidance to the law among the society and irresponsible attitude towards urban heritages;
- Poor qualification of government officials;
- Irrelevant staffing and institutional arrangement in, insufficient funding and poor material and technical equipment of appropriate state bodies;
- Low level of involvement of insurance

	<p>companies in the construction sector and absence of compulsory insurance;</p> <ul style="list-style-type: none"> - Lack of housing funds for socially unprotected people; - Imperfect state policy towards development of municipal services and absence of owners' interests, rights/obligations, responsibilities (including condominiums); - Absence of territories for utilization of construction waste and dumping;
<p><u>Opportunities:</u></p> <ul style="list-style-type: none"> - Activation of banking sector: decreasing the interest rate on loans issued for construction and mortgages; - Getting international organizations interested in infrastructural projects; - Existence of demand on construction products and growth of population's credibility; - Improvement of services of insurance companies; - Improvement of mechanisms of protection of society's interests; - Increased interest of foreign and local investors towards Ajara; - Development of industrial zones existing in the region; - Formation of strong layers of owners; - Sustainable development of settlements through adoption of appropriate normative acts, creation of adequate living conditions for society; - Development of progressive industrial structures, increasing the employment and material welfare in the construction sector; - Development of industrial relations with regions of Georgia and neighbouring countries; 	<p><u>Threats</u></p> <ul style="list-style-type: none"> - Lack of investments; - Global economic crises, inflation; - Growth of prices on constructional materials; - Leakage of qualified personnel; - Irrational usage of territories resulting from delays in designing spatial planning documentation; scattered constructions; - Ecological problems resulting from utilization and production of mineral reserves needed for manufacturing of construction materials;

STRATEGIC DIRECTIONS:

Education and Professional Development of Employees in the Construction Sector:

1. **Providing trainings and probations** for employees in construction sector;
2. **Co-financing of students studying construction and architecture** at high educational institutions and vocational schools;
3. **Activation of the program of providing financial support for studies abroad** in order to overcome deficit of specialists in construction;
4. Introduction of **compulsory certification system for specialists in construction**;
5. **Timely notification about changes in legislature**, carrying out seminars on matters like **legal regulations in the construction of real estate, tax-related aspects, practical questions about construction activities**;
6. **Involvement of local personnel in city planning and large-scale designing activities**;

Legislative Initiative for introducing compulsory insurance in Construction

7. Compulsory insurance of employees;
8. Compulsory insurance of products of construction;
9. Compulsory insurance of construction machinery;
10. Compulsory risk insurance;

State Support of Construction Business:

11. **Encouragement of the establishment and modernization of companies in free industrial zones** in order to develop production of competitive construction materials,
12. Setting up **business incubators for starting construction companies**;
13. **State program supporting construction sector**;
14. **Holding exhibitions and fairs of construction materials and machineries**;
15. Conducting quarterly and annual **marketing researches and publishing relevant information in periodicals**;
16. **Determination and realization of mineral reserves needed for production of construction materials**

Improving the System of Quality Management and Control in the Sector of Construction:

17. **Improvement of accreditation requirements for construction quality research laboratories**;
18. **Stimulation of utilization of energy saving technologies, light constructions, ecological and heat-saving materials and items** while completing state and private orders;

Ensuring Publicity of City Planning Processes and Protection of Urban Heritage

19. **Arranging public discussions around city planning projects and ensuring that they are duly covered in media for active involvement of the society**;
20. **Establishing consultative group in order to improve relations with the society**;
21. **Popularization of values of urban heritage, providing more information to the society in order to preserve them**;
22. Programs of rehabilitation and protection of cultural heritage;

Improvement of State Activities in Urban Development

23. Providing recommendations to municipalities on establishing **a single structure body which would be authorized to issue building permits and conduct state supervision over architectural and construction activities**, in order to achieve efficient implementation of state policy in urban development. Also, the relationship with the authority identifying state policy in

this field on the territory of the republic (Ministry of Finances and Economics) are to be determined in order to achieve mutual coordination;

24. Equipping state bodies responsible for urban development with modern material and technical basis;
25. Additional training, professional development and certification of public officials;

Elaboration of Spatial Planning Documentation for Ajara AR, Municipalities and Settlements:

26. Acceleration of spatial planning documentation for Ajara AR, municipalities and settlements;
27. Planning of measures for the protection against carrying out chaotic constructions on the territories of barrack-type settlements, former industrial sites, free territories, as well as other areas with significant resources, prior to elaboration of the documentation;
28. Determining the outcome of uncompleted construction facilities;

Improving State Policy for Municipal Service Development

29. Conduction of systematic seminars on the following matters: condominium management, their rights, obligations and responsibilities;
30. Completion of the process of privatization of state and public housing fund;
31. Elaboration of appropriate programs for the creation of Housing and Maneuver Fund for unprotected layers of society;

Chapter 6. Industry

1. Before the crises of the 90s Ajara used to be an industrial and agricultural region with well-developed industrial sectors (mechanical engineering, petrochemical industry, power energy, light and food industry, production of construction materials, and etc). Output of industrial production dropped from 644 million Rubles to 29,2 million GEL¹ together with the number of employees (from 19,2 thousand to 4 thousand²) during the period of 1988-2002.
2. Development of the region significantly accelerated in 2004. Rehabilitation of its economy began rapidly as well. As a result, the region integrated both in country's economy and into global economic system. Accordingly, the GVA produced in the region started increasing quickly. Industrial sector of Ajara was developing at a fast pace in 2006-2009. The GVA in industry increased 1.9 times in 2009 compared to that of 2006.

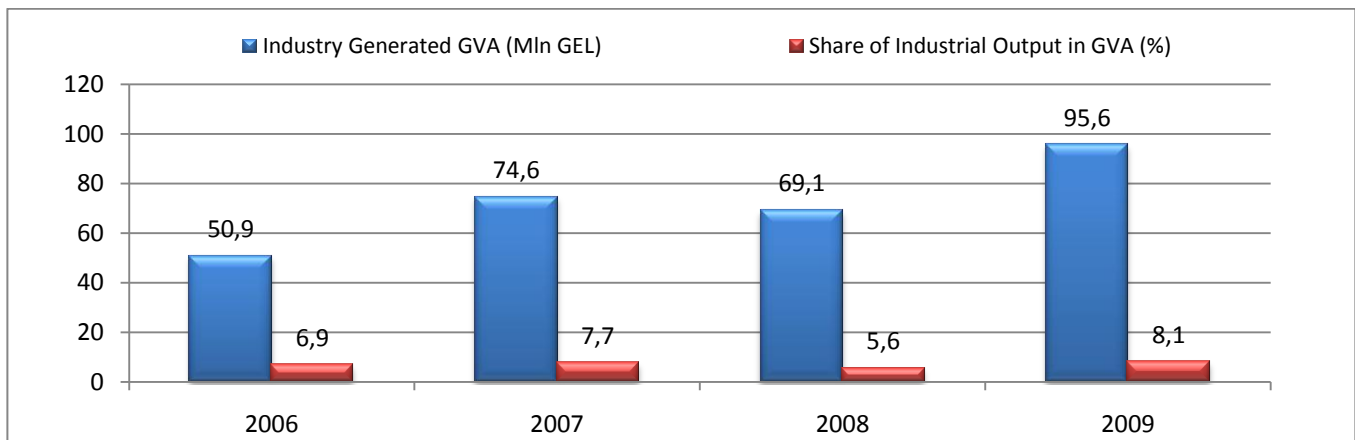
Table 1. Number of industrial enterprises in Ajara AR by production output in 2009 (business sector)

Name	(units)		
	Mining Industry	Processing Industry	Production/Distribution of Electricity, Water and Gas
Total	17	342	2
Large Enterprises		20	2
Medium Size Enterprises	3	32	
Small Enterprises	14	291	

Source: National Statistics Office of Georgia

3. Share of industry in GVA created in Ajara varied between 5.6%-8.1% in 2006-2009; this index increased by 38.3% in 2009 compared to the previous year. 4% of Georgia's overall industrial output and 6.6% of people involved in this sector throughout the country accounts for Ajara.

Chart 1. Industry generated GVA and share of Industry in GVA of Ajara in 2006-2009



Source: National Statistics Office of Georgia

¹Exchange rate of national currency against US Dollar: 1990 – 1 USD = 0.59; 2002 – 1USD= 2.17 GEL

²Amiran Takidze. Formation and Exploitation of Human Resources of the Autonomous Republic of Ajara. Tb., 2006. p. 12-13.

4. The country-wide production of output (business sector) grew from 2003 to 2008, with slight decrease in 2009. Average annual growth rate amounted to 16.1%, however the production of industrial output varied in Ajara during the same period. Average annual growth rate amounted to 30.8% which is 14.7% higher than that of the whole country, and the average annual turnover growth rate equalled to 20.8%.

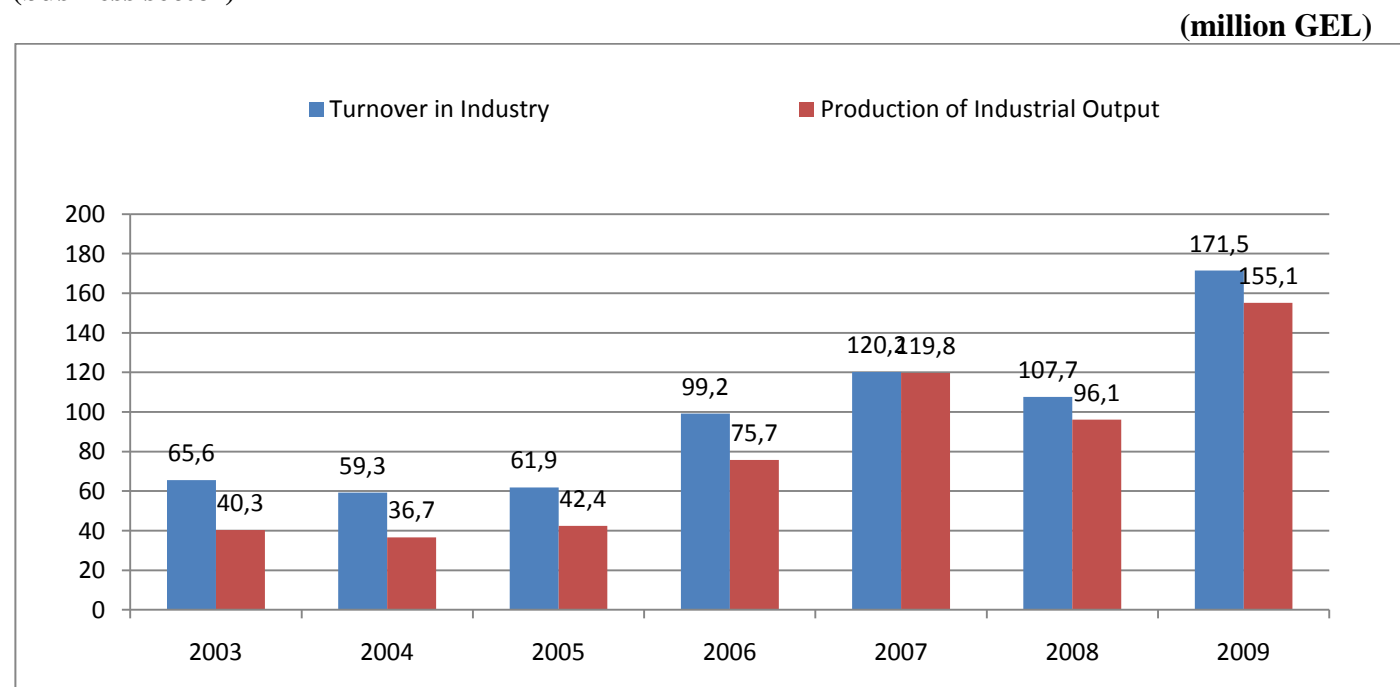
Table 2. Production of Industrial Output, by Regions of Georgia in 2003-2009 (business sector)

(million GEL)

Year	Georgia Total	Tbilisi	Ajara AR	Guria	Imereti	Kakheti	Mtskheta-Mtianeti	Racha-Lechkhumi and Lower Svaneti	Samegrelo-Upper Svaneti	Samtskhe-Javakheti	Kvemo Kartli	Shida Kartli
2003	1594,3	634,7	40,3	9,3	142,8	55,3	42,9	8,7	28,5	64,4	295,4	126,2
2004	1859,7	710,1	36,7	16,1	187,1	61,6	58,2	6,3	33,4	69,6	378,0	130,2
2005	2285,1	871,1	42,4	25,4	258,3	104,0	64,2	7,2	70,2	98,8	397,7	191,6
2006	2779,0	1063,4	75,7	40,1	292,3	95,5	84,5	11,8	62,8	72,1	713,5	238,1
2007	3583,3	1542,6	119,8	59,1	334,8	93,5	80,4	8,3	75,3	71,9	851,5	305,2
2008	3821,8	1604,3	96,1	75,6	525,5	93,6	98,9	9,6	38,9	84,7	837,2	313,4
2009	3797,1	1711,2	155,1	61,6	294,9	107,6	99,1	3,8	97,5	86,8	956,6	180,3

Source: National Statistics Office of Georgia

Chart 2. Dynamics of Turnover in Industry and Production of Industrial Output in Ajara in 2003-2009 (business sector)



Source: National Statistics Office of Georgia

5. **Purchases of goods and services in industrial sector (business sector) of Ajara AR increased by 49,2% in 2009 compared to 2008.** At the same time turnover and production of output in industry also increased from 59.2% to 61.4% during the same period.

Table 3. Purchases of goods and services in industry, by regions in 2007-2009 (business sector)

(million GEL)

Year	Georgia Total	Tbilisi	Ajara AR	Guria	Imereti	Kakheti	Mtskheta-Mtianeti	Racha-Lechkhumi and Lower Svaneti	Samegrelo-Upper Svaneti	Samtskhe-Javakheti	Kvemo Kartli	Shida Kartli
2007	3198,7	1522,5	88,3	40,9	269,2	78,9	86,5	2,6	66,4	36,2	631,3	362,3
2008	3235,3	1628,3	91,3	59,9	390,4	65,5	117,6	3,4	31,9	54,4	503,6	276,5
2009	2969,2	1477,4	136,2	40,8	182,3	78,6	83,1	2,1	88,7	55,6	659,8	157,2

Source: National Statistics Office of Georgia

6. **Medium consumption in industry of Ajara AR amounted to 115,3 GEL in 2009,** which is 79,3% higher than in previous year, and 166,2% higher than in 2006.

Table 4. Medium Consumption in Industry, by regions in 2006-2009 (business sector)

(million GEL)

Year	Georgia Total	Tbilisi	Ajara AR	Guria	Imereti	Kakheti	Mtskheta-Mtianeti	Racha-Lechkhumi and Lower Svaneti	Samegrelo-Upper Svaneti	Samtskhe-Javakheti	Kvemo Kartli	Shida Kartli
2006	1814,5	649,0	43,3	30,8	223,5	60,5	45,9	2,3	54,8	41,7	451,9	193,6
2007	2292,2	909,9	72,5	46,1	248,7	68,5	60,5	2,8	61,1	41,0	544,9	222,6
2008	2185,2	844,6	64,3	41,6	321,3	36,5	78,0	3,5	29,7	53,1	488,7	209,6
2009	2342,9	986,8	115,3	37,1	174,4	55,4	73,2	1,9	75,2	54,7	615,0	146,3

Source: National Statistics Office of Georgia

7. According to the information of the National Statistics Office of Georgia **6113 people were employed in industry of Ajara AR in 2009,** indicating the increase by 31,2% compared to the previous year.

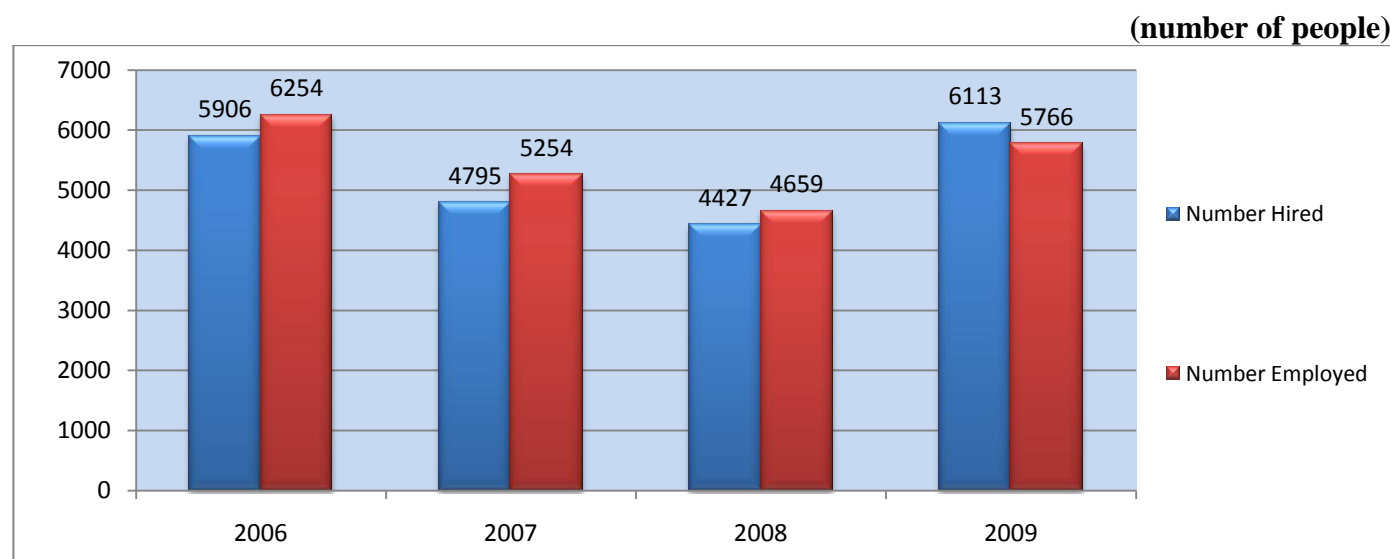
Table 5. Number of People Employed in Industry, by Regions in 2004-2009 (business sector)

(number of people)

Year	Georgia Total	Tbilisi	Ajara AR	Guria	Imereti	Kakheti	Mtskheta-Mtianeti	Kacha-Lechkhumi and Lower Svaneti	Samegrelo-Upper Svaneti	Samtskhe-Javakheti	Kvemo Kartli	Shida Kartli
2004	85385	29260	5185	1112	13845	3658	1812	665	3054	2011	12153	3717
2005	94324	32161	5571	1414	15209	4687	2032	637	4050	2298	13382	5000
2006	90311	36366	6254	1319	14449	5573	1957	984	3646	2141	10469	6274
2007	88398	37036	5254	1832	13620	5246	1786	633	2836	1462	13431	4358
2008	85711	36454	4659	1566	13052	4592	1630	433	2413	2032	13303	4624
2009	93039	36646	6113	1533	13778	4384	1601	270	3138	1710	14070	5763

Source: National Statistics Office of Georgia

Chart 3. Number of People Employed and Hired in Industry of Ajara AR in 2006-2009 (business sector)



Source: National Statistics Office of Georgia

Note: Experts underline often that **the methodology used by the National Statistics Office needs to be revised** considerably. For instance, according to the National Statistics Office, in 2008 production of industrial output equalled to 96.1 million GEL, average monthly wage to 307.8 GEL, and the number of people employed in this sector to 4659; however the data of the Batumi Regional Center (tax inspection) of the Ministry of Finance of Georgia suggest that the same figures amounted to 106.8 million GEL, 338.9 GEL, and 4801 respectively for the same year.

8. Average labour remuneration rate in industry of Ajara AR decreased by 10% in 2009 compared to the previous year.

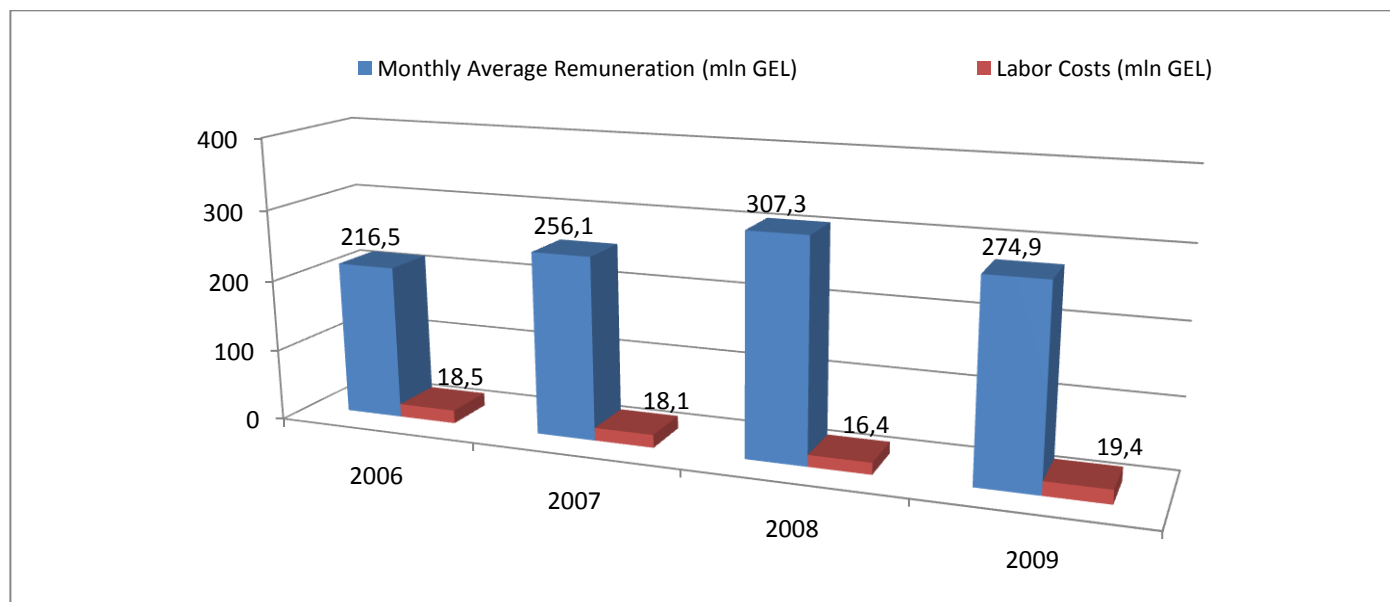
Table 6. Monthly Average Labour Remuneration Rate in industry, by Regions in 2006-2009 (business sector)

(GEL)

Year	Georgia Total	Tbilisi	Ajara AR	Guria	Imereti	Kakheti	Mtskheta-Mtianeti	Racha-Lechkhumi and Lower Svaneti	Samegrelo-Upper Svaneti	Samtskhe-Javakheti	Kvemo Kartli	Shida Kartli
2006	307,8	383,1	216,5	123,0	209,1	197,5	425,9	236,9	123,7	317,4	425,0	177,3
2007	420,7	533,8	256,1	178,7	233,6	234,7	393,6	261,0	148,1	341,3	555,0	317,4
2008	586,6	727,2	307,3	340,0	382,9	288,3	568,3	512,2	217,7	521,9	746,2	416,6
2009	537,4	660,5	274,9	289,2	358,6	461,9	673,8	264,0	232,2	538,9	646,9	324,4

Source: National Statistics Office of Georgia

Chart 4. Monthly Average Labour Remuneration Rate vs. Labour Costs in Industry of Ajara AR in 2006-2009 (business sector)



Source: National Statistics Office of Georgia

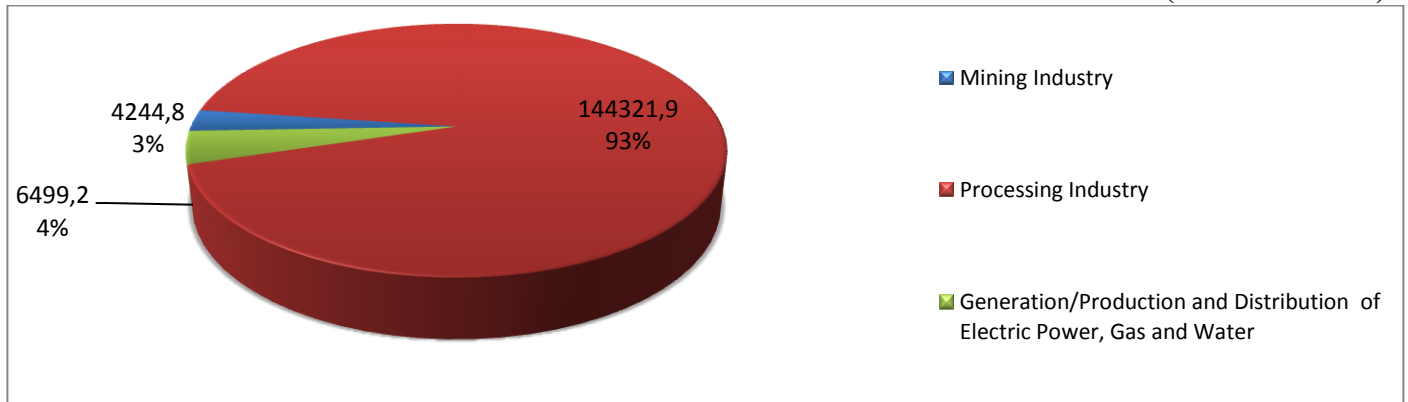
9. The following sectors of industry are developed in Ajara:

- Knitwear Manufacturing;
- Food industry;
- Production of construction materials;
- Secondary metal processing;
- Pharmaceutical industry.

Nowadays several manufacturers of knitwear, wheat flour, and fruit processing companies (Kobuleti and Khelvachauri) are functioning in Ajara. The Chemical and Pharmaceutical plant resumed to work in Batumi from March, 2007 where 5 million GEL investments were made in. This plant produces over 20 kinds of medicines using local raw materials. 4 thousand people were employed in processing industry in Ajara as of 2007.

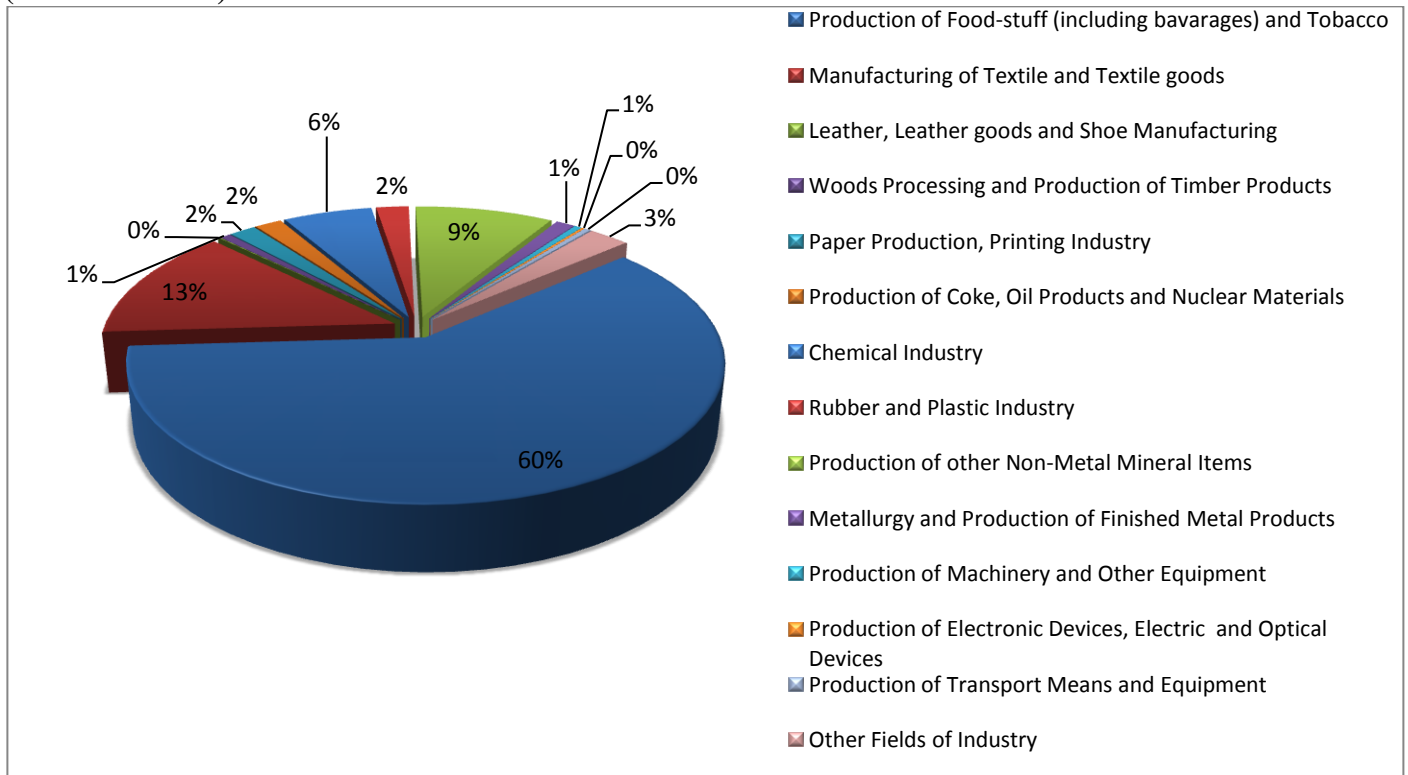
Chart 5. Output produced in Ajara, by Types of Economic Activity in Industry in 2009 (business sector)

(thousand GEL)



Source: National Statistics Office of Georgia

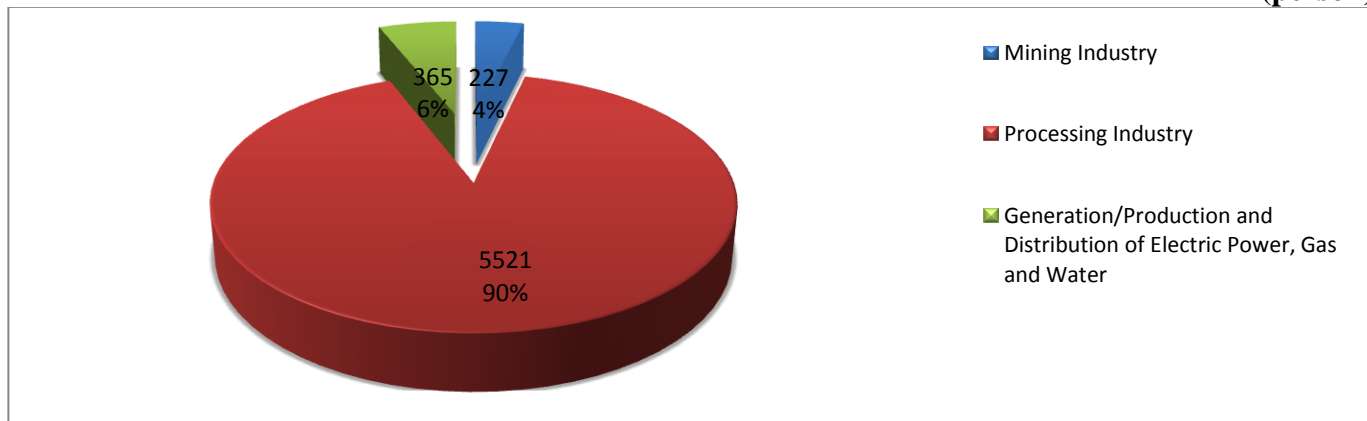
Chapter 6. Output produced by Processing Industry in Ajara, by Types of Economic Activity in 2009 (business sector)



Source: National Statistics Office of Georgia

Chart 7. Average Annual Number of people Employed in Industry, by Types of Economic Activity In 2009

(person)

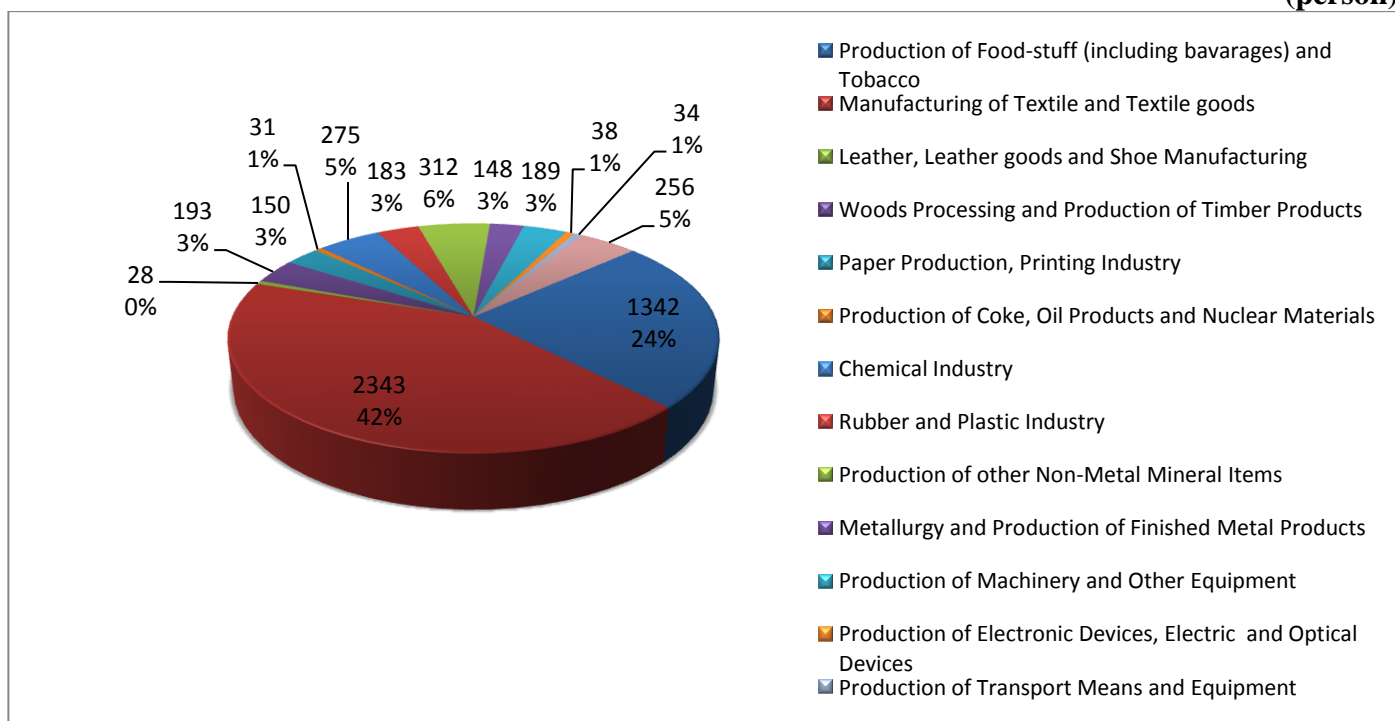


Source: National Statistics Office of Georgia

According to the latest figures, more than half the industrial share accounts for food industry (including tobacco and pouring industry). The structure by sectors has remained stable in the latest years, but not shaped yet. In case of successful implementation of state policy (e.g. as a result of the development of processing industry) of attracting investments into the sector, the changes may become visible enough in the medium-term.

Chart 8. Average Annual Number of People Employed in Processing Industry, by the Types of Economic Activity in 2009 (business sector)

(person)



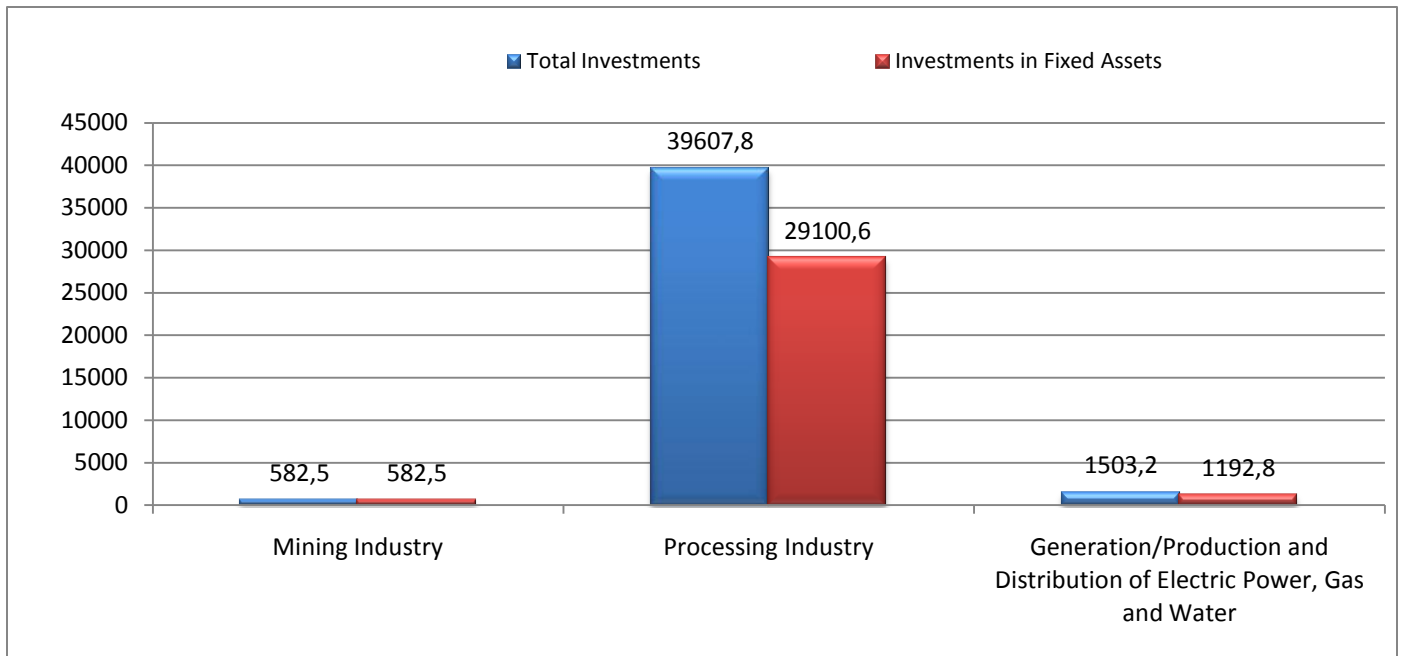
Source: National Statistics Office of Georgia

10. Companies equipped with modern technologies (e.g. fruit company “Narinji”, citrus processing company in Kobuleti, company “Georgian Mandarin” in Buknari, oil processing company, honey processing company, chemical and pharmaceutical plant “BatPharma”, etc.) **were established and started to work in 2005-2007 as a result of privatization of idle and insufficient industrial enterprises.**

Considerable investments were made into six flourmills, Chakvi Tea Factory, Khutsubani Packing Factory, BatumiTech, KartuTech, Khulo Sewing Factory, Khelvachauri Tea Factory, and etc.

Chart 9. Investments by Types of Economic Activity in Industry in 2009 (business sector)

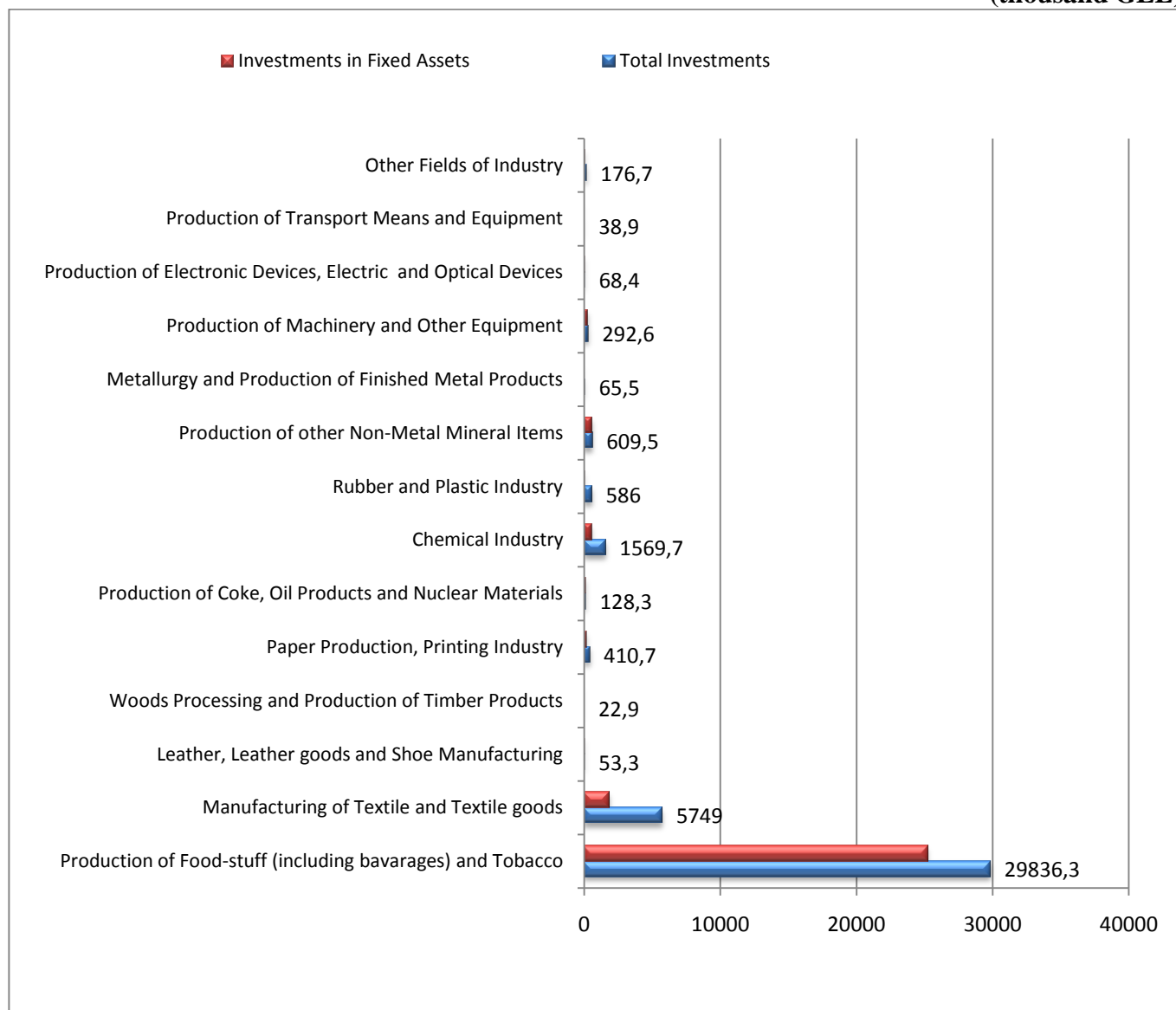
(thousand GEL)



Source: National Statistics Office of Georgia

Chart 10. Investments by Types of Economic Activity in Processing Industry in 2009 (business sector)

(thousand GEL)



Source: National Statistics Office of Georgia

In general, tendencies for the last five years remain positive: **the production of industrial output doubled compared to 2004.**

However, tends for 2007-2009 were negative due to Russian aggression and global financial crises in 2008. Nonetheless, the sector has started growing since 2010, by the estimates of the Government.

SWOT Analyses For Industry

Strengths:

- Favourable conditions for the development of processing industry;
- Proximity to cheap sources of raw materials (initial agriculture);
- Cheap labour force;
- Certain potential in timber and construction industries;
- Availability of seaport, railway and roads (infrastructure);
- Prospects for efficient growth of processing industry vs. increased world market prices;
- Renewable material and technical basis of industry;

Weaknesses:

- Lack of sources for long-term, cheap credits;
- Lack of capital and investments;
- Market with inferior falsified goods and nonstandard products;
- Poor management;
- Poor industrial utilization of locally produced raw and final materials;
- Lack of industrial-production-oriented business intellect and poor activity;
- Poor labour productivity;
- Personnel with poor qualification and low salary;
- Incompliance of labour force to market demands;
- Poor marketing;
- Weakness of exploring foreign markets, poor quality of establishment on foreign markets;
- Partial production load and high manufacturing costs;
- Outdated machinery and technologies of certain industrial companies;
- Absence of long-term strategic development plan;
- Poor diversification of production and markets;
- Improper system of quality management and control;
- Poor system of state supervision over consumers' protection and absence of duly authorized state body;
- Poor awareness of considerable part of society about consumer rights and product quality;
- Small number of large and medium-size companies, lack of resources for conducting marketing researches for foreign and domestic markets ;
- Absence of business associations;

Opportunities:

- State-implemented infrastructural projects;
- Increasing of export potential and development of new markets;
- Growth of income;
- Increasing of availability of cheap and long-term credit resources;
- Growth of private entrepreneurs' interests;
- Privatization, fewer companies in state ownership;
- Presence of domestic demand;
- Activation of free industrial zone;
- Necessary investments for industrial companies;
- Improvement of business environment;
- Support of industrial sector by state and international financial organization;
- Macroeconomic stability, sustainable development;
- Simplification of tax system;
- Restriction of import of inferior and nonstandard industrial products;

Threats:

- World financial crises;
- Dumping of imported products;
- Unstable economic situation;

STRATEGIC DIRECTIONS:

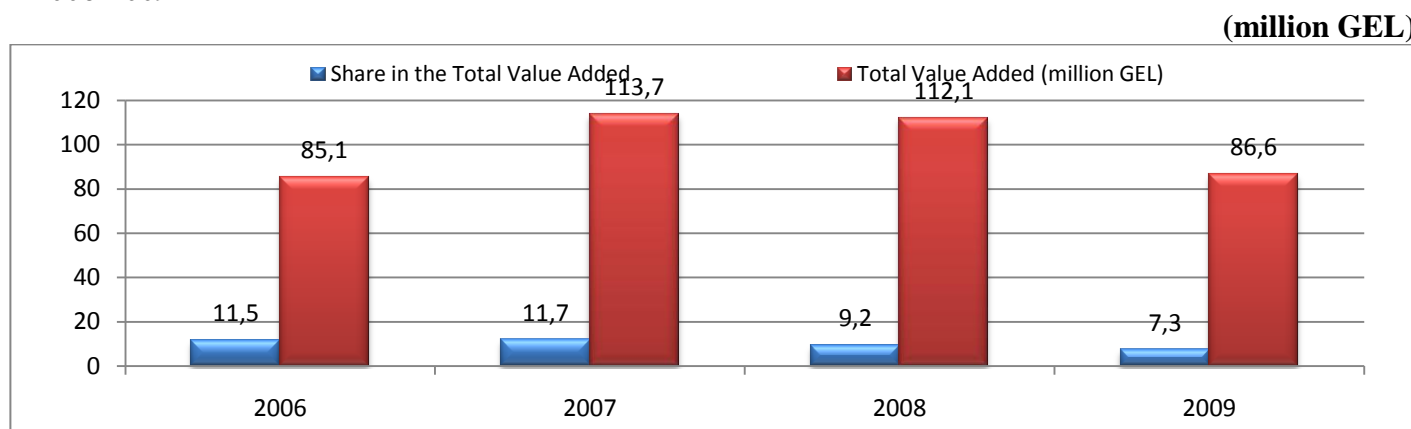
1. **Carrying out infrastructural activities facilitating industrial development** and supporting adoption of **technological novelties** in the process of production (e.g. co-financing of adoption of **new technologies in enterprises of strategic and priority importance**). **Subvention and co-financing programs for industrial sectors of state importance**;
2. **Establishing business incubators** where industrial zones may possibly be developed in future (Khelvachauri and Kobuleti municipalities);
3. Facilitation of **the creation of free industrial zone**: its infrastructural development for making it attractive for investors; advertising (information website may possible be created);
4. Providing **support for starting business** in the field of industry through **Regional Development Bank of Ajara**, either via contest-based co-financing of innovative and successful ideas or securing funds with favourable terms and conditions;
5. Facilitation of trainings and professional development of the employed personnel in order to increase labour productivity in the field of industry. Also Promotion of trainings, probations, re-trainings and studies and consultations to overcome shortages of qualified specialists and managers. Encourage cooperation between business and educational system to achieve domestic employment and continuous education;
6. It is necessary to adopt the requirements of international standards to gain confidence of domestic and foreign markets towards Georgian products. To this end it is necessary to take appropriate legislative measures, set appropriate state supervision over the implementation of law on Protection of Consumers' Rights via forming relevant authorized entity;
7. Cooperation with business associations and their support;
8. Holding industrial business forums and exhibitions.

Chapter 7. Infrastructure

I. Transport and Telecommunication

- GVA in the transport and telecommunication sector of Ajara amounted to 86.6 million GEL in 2009 – 22.7% more than in previous year.** The share of this sector in the added value made up 7.3-11.5% in 2006-2009. This figure in 2009 was 7.3% and 9.2% in 2008.

Chart 1. GVA in transport and telecommunication of Ajara vs. its share in regional value added in 2006-2009



Source: National Statistics Office of Georgia

- Total output in Transport and Agricultural Sector is characterized by tendency of growth in 2003-2008 and decrease in 2009.** The Production output in Ajara varies according to years. It amounted to 117.3 million GEL in 2009 which increased by 2.1% with respect to the previous year. The amount of the turnover in this sector dropped by 2.9% in 2009 and amounted to 127.3 million GEL.

Table 1. Output Produced in Transport and Telecommunication, by regions in 2003-2009 (business sector)

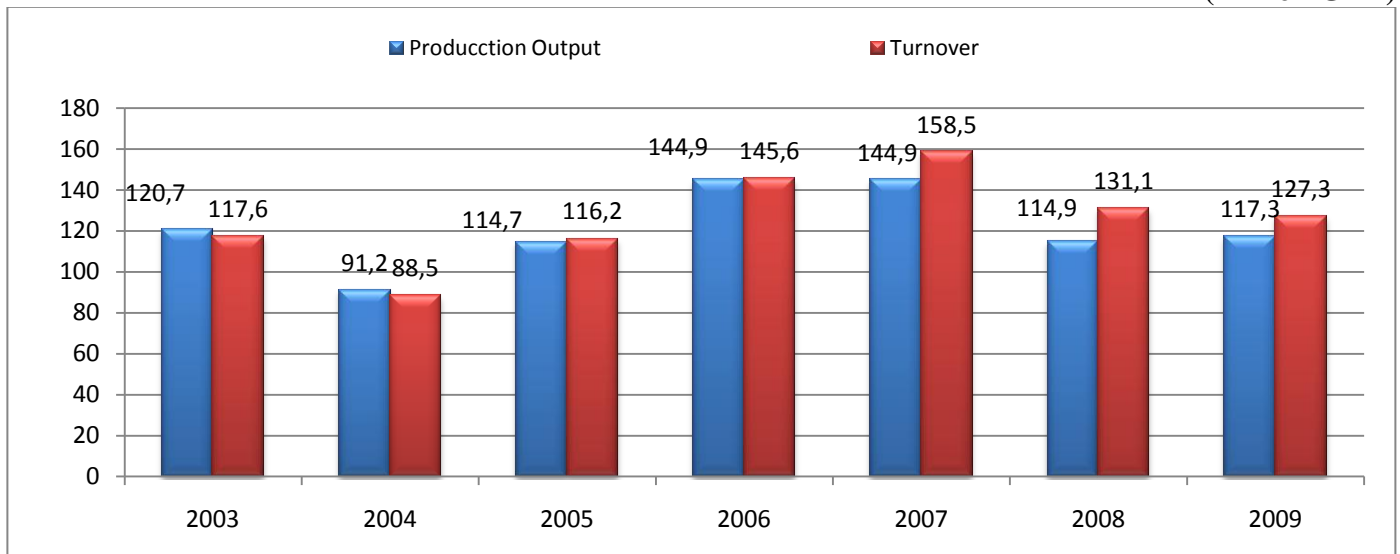
(million GEL)

Year	Georgia - total	Tbilisi	Ajara AR	Guria	Imereti	Kakheti	Mtskheta Mtianeti	Racha-Lechkhumi and Lower Svaneti	Samegrelo – Upper Svaneti	Samtskhe-Javakheti	Kveno Kartli	Shida Kartli
2003	975,4	640,3	120,7	3,9	47,1	5,1	1,5	0,3	102,4	1,5	22,2	30,4
2004	1278,3	751,4	91,2	0,8	4,0	1,2	1,2	0,1	103,6	0,4	19,9	0,8
2005	1475,2	893,7	114,7	1,0	9,1	1,3	1,7	0,1	99,4	1,3	25,5	1,4
2006	1806,7	1479,0	144,9	1,1	8,3	1,0	6,4	0,1	128,4	1,1	31,0	5,4
2007	1936,2	1600,1	144,9	0,5	13,8	1,2	6,3	0,2	149,5	1,3	16,0	2,4
2008	2043,6	1742,0	114,9	0,4	14,4	1,0	1,1	0,3	149,1	1,7	16,6	2,1
2009	2016,5	1658,9	117,3	0,9	9,1	0,5	0,9	0,2	202,3	0,3	24,9	1,2

Source: National Statistics Office of Georgia

Chart 2. Output Produced in Transport and Telecommunication of Ajara AR vs. Turnover Dynamics in 2003-2009 (Business Sector)

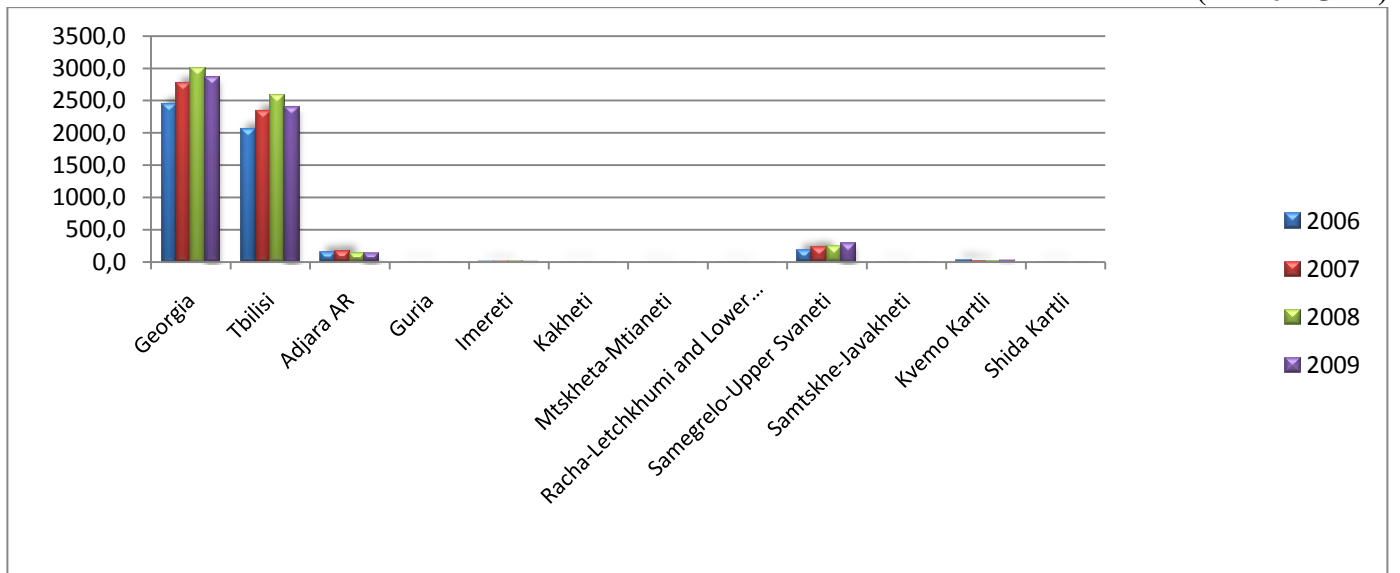
(million GEL)



Source: National Statistics Office of Georgia

Chart 3. Volumes of Transport and Telecommunication Turnover, by Regions in 2006-2009 (Business Sector)

(million GEL)



Source: National Statistics Office of Georgia

3. There were 131 organizations in Transport and Telecommunication Sector in Ajara registered in 2009, among them 49 are land, 1 water, 2 aerial, 56 auxiliary and additional transport enterprises and 23 telecommunication organizations.

Table 2. Number of Ajara AR Transport and Telecommunication Sector Enterprises, by Forms of Ownership in 2009 (Business Sector)

Name	(numbers)					
	Transport and Telecommunication	Land Transport	Water Transport	Air transport	Auxiliary and Additional Transport Activities	Telecommunication
Total	131	49	1	2	56	23
Large Enterprises	9	1	1		6	1
Medium Enterprises	15	5			10	
Small Enterprises	107	43		2	40	22

Source: National Statistics Office of Georgia

4. There were 4023 people employed in Transport and Telecommunication sector of Ajara AR in 2009. Compared to the previous year the number increased by 9.6%, whereas the mentioned indicator grew by 1.6% throughout Georgia.

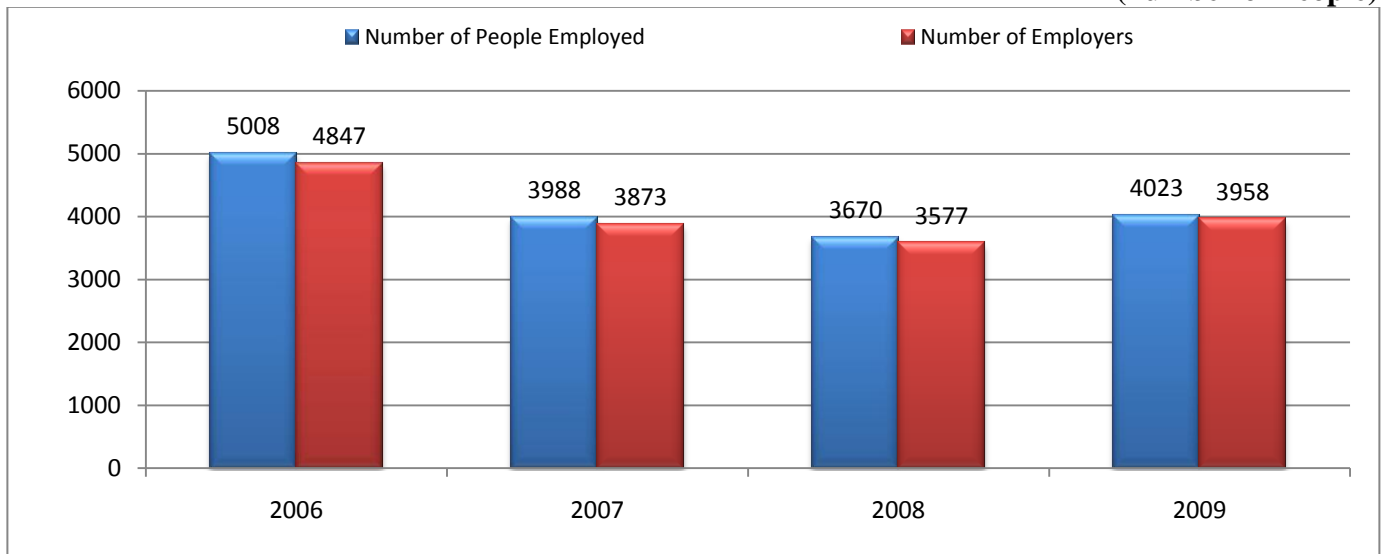
Table 3. Numbers of Personnel Employed in Transport and Telecommunication in 2004-2009 (Business Sector)

Year	Georgia, total	(number of people)										
		Tbilisi	Ajara AR	Guria	Imereti	Kakheti	Mtskheta-Mtianeti	Racha-Lechkhumi and Lower Svaneti	Samegrelo and Upper Svaneti	Samtskhe-Javakheti	Kvemo Kartli	Shida Kartli
2004	60072	18716	5602	190	1972	346	162	45	4819	273	1144	476
2005	58461	19542	5548	185	2129	351	204	50	5364	254	1427	428
2006	54418	39239	5008	224	1685	409	307	30	4403	365	2303	444
2007	49598	36584	3988	138	1548	292	292	74	4870	380	928	504
2008	50560	37669	3670	292	1824	294	76	103	5026	670	644	293
2009	51395	38881	4023	202	996	248	84	34	5681	81	938	228

Source: National Statistics Office of Georgia

Chart 4. Number of People Employed and Hired in Transport and Telecommunication Sector of Ajara (Business Sector)

(number of People)



Source: National Statistics Office of Georgia

5. Average monthly salary of people working in Transport and Telecommunication Sector of Ajara increased by 4.0% and labour costs by 18.4% in 2009 compared to the previous year.

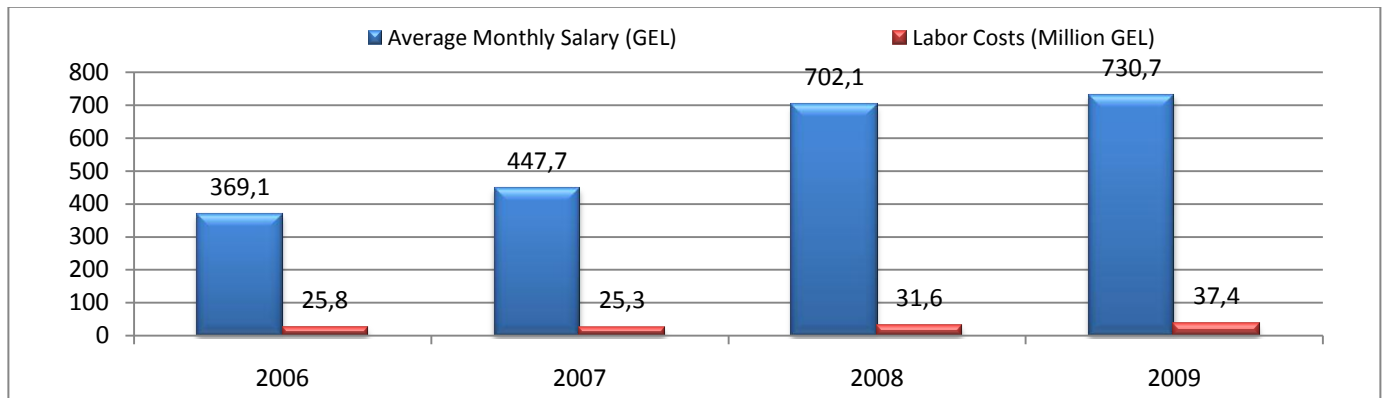
Table 4. Average monthly salary of people employed in Transport and Telecommunication Sector, by Regions in 2006-2009 (Business Sector)

(GEL)

Year	Total	Including										
		Tbilisi	Ajara AR	Guria	Imereti	Kakheti	Mtskheta-Mtianeti	Racha-Lechkhumi and Lower Svaneti	Samegrelo and Upper Svaneti	Samtskhe-Javakheti	Kvemo Kartli	Shida Kartli
2006	391,3	404,5	369,1	94,3	111,0	86,2	449,4	72,5	482,8	60,8	335,6	204,9
2007	491,0	520,0	447,7	119,1	142,3	136,5	347,5	46,2	526,3	86,6	296,1	168,6
2008	666,9	704,4	702,1	57,3	187,0	125,4	845,3	73,6	701,4	77,9	446,2	171,8
2009	729,4	751,9	730,7	139,9	215,8	98,1	378,2	111,8	740,9	159,9	642,6	146,3

Source: National Statistics Office of Georgia

Chart 5. Average Monthly Salary of People Employed in Transport and Telecommunication Sector of Ajara AR vs. Volumes of Labour Costs in 2006-2009 (Business Sector)



Source: National Statistics Office of Georgia

6. Main Indicators of Transport and Telecommunication in Ajara AR by Economic Activities (see Table 5)

Table 5. Main Indicators of Transport and Telecommunication in Ajara AR in 2009 (Business Sector)

(thousand GEL)

	Value Added	Production Output	Turnover	People Employed	People Hired	Salary	Medium Consumption	Investments	Number of Operating Enterprises
Transport and Telecommunication	61128,4	117329,1	121903,5	4023	755	34705,9	56200,6	17522,4	131
Including									
Land Transport	3782,6	8257,5	8097,0	792	63	1625,5	4474,9	1748,7	49
Water Transport	759,5	1776,3	1776,3	21	5	142,0	1016,7	13,4	1
Air Transport	120,3	144,7	112,9	4	3	9,4	24,4	70,8	2
Auxiliary and Additional Transport Activity	51693,7	99350,0	102127,7	2658	481	30170,9	47656,3	14962,0	56
Telecommunication	4772,3	7800,6	9789,6	548	203	2758,0	3028,3	727,5	23

Source: National Statistics Office of Georgia

7. The sea port is connected to the countries of Caucasus and Central Asia, as well as Ukraine and Turkey via roads and railroad network.

The Batumi port is distinguished with its geostrategic and natural advantages, mainly:

- The port is located in a deep water bay enabling to accept high tonnage vessels;
- It is not necessary to pass a channel to enter the port;
- The port is well protected from coast;

The port is also used as a main cargo transit port for Kazakhstan and Azerbaijani oil processing.

The Batumi sea port serves as a transport link at the eastern part of the Black Sea basin enabling both to reload 94% of freight passing through TRACECA route and to carry dry cargo through the mentioned corridor from the countries located in south.

The port has 5 terminals: oil and dry cargo terminals, container and railway ferry terminals, and a passenger terminal.

- 8. Since 2008 the State Oil and Gas Company of Kazakhstan Republic “KazMunaiGas” has become the 100% shareholder of the Batumi oil terminal.** The oil terminal is specialized on processing crude as well as all kinds of oil.

Apart from freight operations, gathering of washed-off fluids, filthy ballast and loyal waters is also carried out on the terminal.

The oil terminal has 3 hectare of technological area.

The freight turnover of the Batumi Oil Terminal Ltd by types of goods and customs regime is as follows:

Table 6. Freight Turnover of the Batumi Oil Terminal Ltd in 2008-2009

Name of Freight	(thousand Tons)											
	Total			Transit			Import			Export		
	2008	2009	±	2008	2009	±	2008	2009	±	2008	2009	±
Oil and Oil Products	7062595	6213390	-849208	6937814	6001403	-936409	94930	154514	+59584	29852	57472	+27621
Liquefied Gas	92528	100632	8104	92528	100632	8104			0			0

Source: the Batumi Oil Terminal Ltd

9. **The Batumi Container Terminal Ltd** is specializing on multi-profile dry cargo, basically for containers. Also the railway ferry boat is used for bulk cargo and general goods. In 2007 the Philippine Company “**International Container Terminal Service Inc**” received concessions for further development and activation of the Batumi container and ferry terminals. According to the signed agreement, the **ICTSI** sister company the “Batumi International Container Terminal” (**BICTL**) exclusively fulfils the management of both container and ferry terminals in the Batumi Port.

Table 7. Containers Handled in the Batumi International Container Terminal in 2009

Import		Export		TEU	Total Freight Weight Thousand tons
Units	Thousand tons	Units	Thousand tons		
2333	41862	3207	9715	8583	51578

Source: the Batumi International Container Terminal

Table 8. Freight Handled by the Batumi-Illichivsk, Ukraine Ferry Boat in 2009

Number Sales Completed	Unloading (thousand tons)	Loading (thousand tons)	Total Freight Weight (thousand tons)
39	190,06	813,71	1003,77

Source: the Batumi International Container Terminal

10. The Batumi Sea Port Ltd – dry cargo terminal is specialized on processing bulk as well as general cargo. The dry cargo terminal has been operated by the State Company of Kazakhstan Republic since 2008.

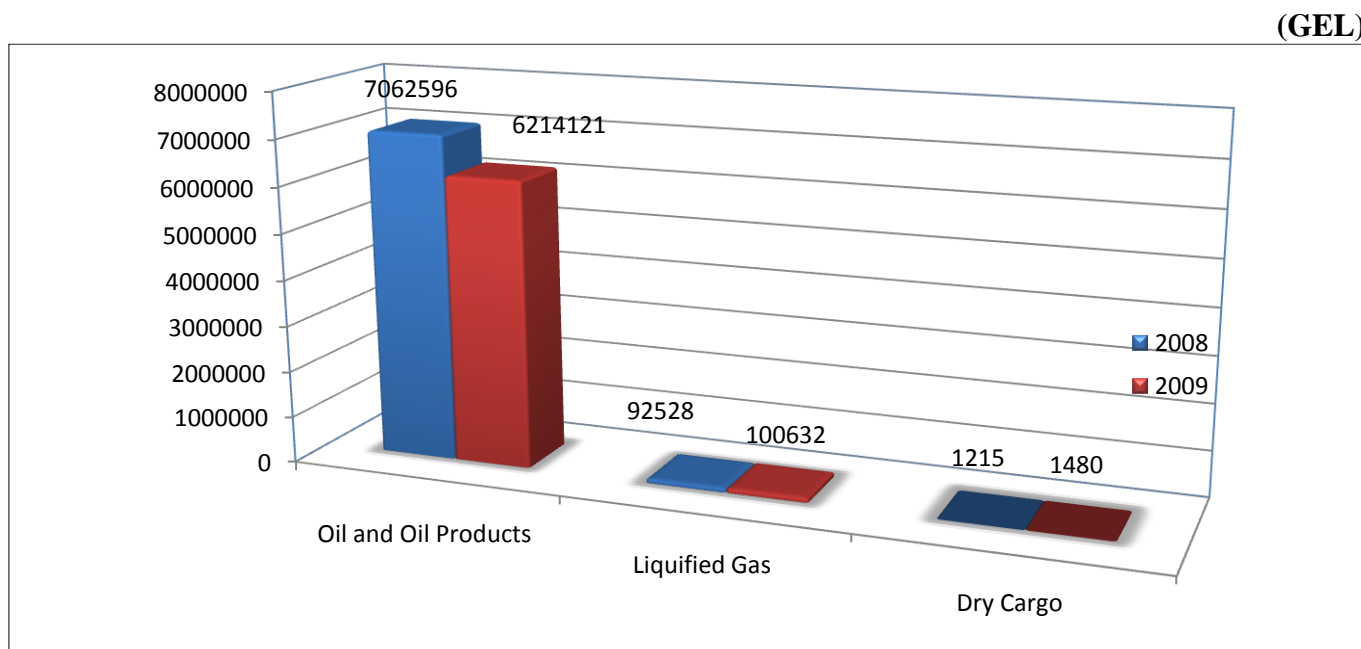
Table 9. Freight Turnover of the Batumi Sea Port Ltd in 2008-2009

(thousand tons)

Name of Cargo	Total			Transit			Import			Export		
	2008	2009	±	2008	2009	±	2008	2009	±	2008	2009	±
Total Dry	1215,05	1157,32	-57,73	512,45	423,27	-89,18	305,97	339,80	33,83	396,63	394,25	-2,38

Source: the Batumi Sea Port Ltd

Chart 6. Overall Economic Turnover of the Batumi Sea Port in 2008-2009 (indicators of freight processed in the Batumi oil discharge, ferry boat, container, and dry cargo terminals)



Source: the Batumi Sea Port Ltd

11. The Batumi Sea Port Ltd (passenger terminal) is located in the center of Batumi. It has a sea port building and two moorings (N10; N11).

Passenger transportation by sea is basically operated to Turkey and Russia.

Table 10. Number of Passengers Carried through Ajara Passenger Terminal in 2008-2009

Name of the Route	Number of Passengers		
	2008	2009	difference +/-
Batumi -Khofa-Sochi	8009	11127	+3118

Source: Ministry of Finances and Economics of the Autonomous Republic of Ajara

Passenger carriages are also performed by ferry boat mainly on the Batumi-Illichivsk (Ukraine) route. Accordingly, the number of passengers transported by ferry boat in 2009 amounted to 455.

12. Great importance is attached to the Ajara railway network and its infrastructure in terms of carrying crude oil, oil products and dry cargo by rail via Georgia.

The development of Ajara's railway industry is as follows: the length of the main railway from Choloki to Batumi is 34 km; the railway development of the stations is 35.7 km.

Table 11. The Batumi Loading Station Operation Indicators in 2008-2009

Name of Indicator	(thousand tons)					
	2008		2009		difference +/-	
	Cars	tons	cars	tons	cars	tons
Loading-Unloading	149880	8777,3	130523	7745,5	-19357	-1031,8
Ferry Boat Transit	2414	120,7	1874	90,5	-540	-30,2

Source: Ministry of Finances and Economics of the Autonomous Republic of Ajara

The Makhinjauri and Kobuleti railway stations have been modernized and rehabilitated in Ajara in 2006. As a result the Makhinjauri railway station serves 600 passengers per hour.

13. Passengers are basically transported within the country, however since Ajara represents a touristic region and taking into consideration the fact that the biggest share of foreign visitors accounts for Armenia, the Georgian Railway appointed seasonal Erevan-Makhinjauri train which started in 2007. Respectively, the number of passengers carried through the Makhinjauri central railway station in 2008-2009 is as follows:

Table 12. Number of Passengers transported by Railway in 2008-2009 (Number)

Name	2008	2009	Difference +/-
Number of Passengers Transported	340420	319716	-20704

Source: Ministry of Finances and Economics of Ajara AR

14. The Batumi International Airport was opened and started operating as a result of Turkish Investments made in 2007. It is equipped with modern technologies and meets international standards. Management of the Batumi International Airport is done by the TAV Georgia Ltd.

Batumi International Airport is convenient not only for Georgian nationals but also for the people living in a quite densely populated north-western part of the Republic of Turkey. This fact increases the role of the region of Ajara not only for Georgia, but also for neighbouring Turkey in terms of its economic and political life. At the same time, operation of the Batumi International Airport facilitates the development of tourism in the region of Ajara.

- The capacity of the Batumi International Airport is 300 passengers per hour;
- The area of the Batumi Airport is 4000 m²
- The take-off runway of the airport is (2500m x 45m) - 112500 m².

15. International regular flights are also operated from the Batumi International Airport towards Turkey and Ukraine together with local flights, while flights to Azerbaijan and Armenia are seasonal. Therefore, below is the information about passenger flights operated from the Batumi International Airport and traffics in 2008-2009:

Table 13. Numbers of Flights Operated from the Batumi International Airport and Passenger Traffic in 2008-2009

Description	2008	2009.	Difference +/-
Flights Operated	1936	1865	-71
Passengers Carried	81068	70901	-10167

Source: the Batumi International Airport

16. 2958.79 km road is registered at the Ajara Motor Road and Melioration System Management Department, including:

a/cement roads – 205 km, gravel road – 1025 km, soil road – 1728.79 km. Besides there are 657m long tunnels and 430 bridges on the territory of Ajara.

Except for different road infrastructure rehabilitation plans, the implementation of many projects important for the region was initiated by the Government of Georgia and financed by the Asian Development Bank (ADB). These projects aim at building bypass and transit roads on Poti-Batumi-Sarpi section in Ajara. The road will bypass Batumi, Kobuleti and reach Turkish border. As a result Batumi and Kobuleti will be completely relieved from traffic. After the completion of the Ajara bypass road heavy trucks will not pass the coastal populated areas, that is are very important for Ajara in terms of tourism development in the region as well as further development of transit corridor in the country.

Wide-scale measures were taken in the region in 2006-2009 by the Department of Motor Roads of Local Importance of the Autonomous Republic of Ajara.

Table 14. Works Performed in Kobuleti Municipality in 2006-2009

Name of activity	2006		2007		2008		2009	
	Quantity	GEL	Quantity	GEL	Quantity	GEL	Quantity	GEL
Setting up Asphalt Coating			3	1 737 898	16	6 540 409	3	2 230 633
Rehabilitation of Bridges	6	140 916			11	341 963	9	202 757
New Bridge					3	125 752	6	262 765
Gabion Setup	2	47 475	7	197 320	22	327 543	10	390 505
Building Cement Supporting Walls	2	77 279	1	55 801	2	31 970	2	35 490
Zelyoris Arrangement					1	19 250		
Road rehabilitation, fixing roads affected by landslides			2	5 692	3	48 280	2	9 750
Total		265 670		1 996 711		7 435 167		3 131 900

Source: Department of Motor Roads and Melioration Systems Management

Table 15. Works accomplished in Khelvachauri Municipality in 2005-2009

Name of Activity	2005		2006		2007		2008		2009	
	Quantity	GEL	Quantity	GEL	Quantity	GEL	Quantity	GEL	Quantity	GEL
Setting up Asphalt Coating	1	643 630	3	212 127	10	3 827 066	16	4 400 755	4	1 417 475
Rehabilitation of Bridges			5	54 283	3	57 834	9	200 769	8	153 360
New Bridges					1	120 577	16	1 326 447	7	377 857
Gabion Setup			4	72 862	4	57 958	18	464 164	11	279 735
Building Cement Supporting Walls			4	63 730	2	23 984	6	191 940	7	129 210
Log arrangement							1	46 810	1	14 870
Road rehabilitation, fixing roads affected by landslides			1	5 840	3	6 944	14	193 850		
Total		643 630		408 842		4 094 363		6 824 735		2 372 507

Source: Department of Motor Roads and Melioration Systems Management

Table 16. Works fulfilled in Qeda Municipality in 2006-2009

Name of activity	2006		2007		2008		2009	
	Quantity	GEL	Quantity	GEL	Quantity	GEL	Quantity	GEL
Rehabilitation of Bridges			1	25 580			3	91 660
Gabion Setup			1	39 672	3	319 390	2	172 689
Setting up Cement Supporting Walls	1	69 466	1	27 842	3	43 062	1	5 992
Log arrangement	1	8 476	5	102 014	3	55 860	5	303 823
Road rehabilitation, fixing roads affected by landslides	6	88 214			2	10 039	4	67 000
Total			4	23 428	5	130 722	1	7 000

Source: Department of Motor Roads and Melioration Systems Management

Table 17. Works fulfilled in Shuakhevi Municipality in 2006-2009

Name of activity	2006		2007		2008		2009	
	Quantity	GEL	Quantity	GEL	Quantity	GEL	Quantity	GEL
Rehabilitation of Bridges	1	16 783	2	11 300	1	20 434	4	60 481
Gabion Setup			2	34 220	10	110 233	7	51 430
Setting up Cement Supporting Walls	2	27 574			1	5 250	2	29 938
Log arrangement	4	46 637			4	49 923	1	9 000
Road rehabilitation, fixing roads affected by landslides			10	61 997	4	26 367		
Total		90 994		107 517		212 207		150 849

Source: Department of Motor Roads and Melioration Systems Management

Table 18. Works fulfilled in Khulo Municipality in 2005-2009

Name of activity	2005		2006		2007		2008		2009	
	Quantity	GEL	Quantity	GEL	Quantity	GEL	Quantity	GEL	Quantity	GEL
Stone and Gravel Covering	4,5	310 158	6	147 238						
Rehabilitation of Bridges			4	41 056	4	53 700	3	141 120	8	257 616
New Bridge					1	13 700			1	14 000
Gabion Setup			3	113 740	4	63 520	6	183 351	6	54 626
Log arrangement			1	8 861			2	30 750	2	16 980
Road rehabilitation, fixing roads affected by landslides				68 619		48 794		61 806		
Total		310 158		379 514		179 714		417 027		343 222

Source: Department of Motor Roads and Melioration Systems Management

17. Structural analysis of Passenger Transportation by Roads in Ajara shows that the road transportation and passenger traffic following to suburban destinations are high which is natural. It is to be underlined that the region of Ajara is composed of 44 communities uniting 340 villages. Therefore people living in these areas commute very intensively every day. 240 suburban trips are offered daily by 600 buses and passenger traffic is 48 000 people per day.

Table 19. Dynamics of Passenger Traffic and Turnover in 2009

Name	Route Lengths (km)	Number of Vehicles per route	Number of Passengers Carried per trip (thousand passenger)
Total in Ajara	27703	1260	17938

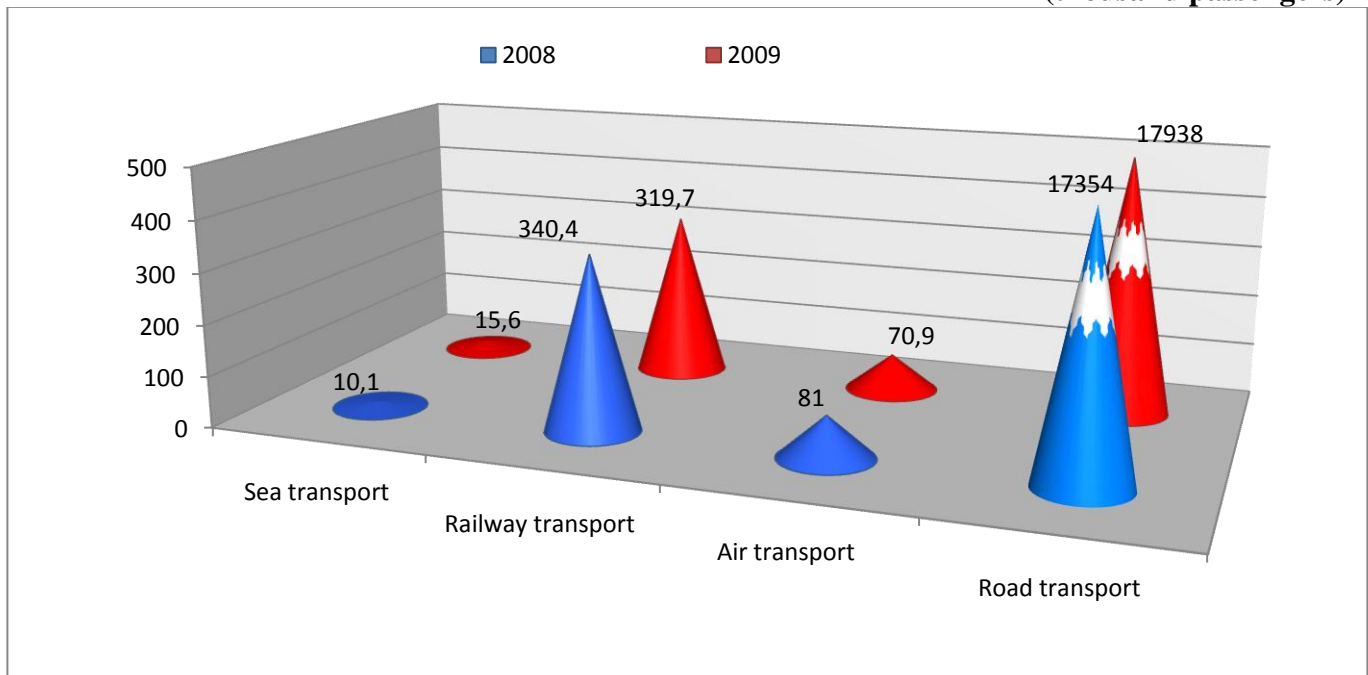
Source: Department of Motor Roads and Melioration Systems Management

18. International and domestic passenger transportation is also performed from Ajara. Domestic passenger transportation is carried out towards all destinations, while international carriages are fulfilled mainly to Turkey, Greece and Armenia.

As a result of increases in numbers of transportation means, expansion of construction activities, building of new bus terminals and stations, as well as the development of tourism and resorts during the period of economic rise the transport services provided to the population of Ajara and their guests will grow significantly. This will promote the increase of passenger traffic in the future.

Chart7. Passenger Turnover Indicators by means of Transport in 2008-2009

(thousand passengers)



Source: Ministry of Finances and Economics of Ajara AR

19. The field of activity of Silk Net Ltd operating in Ajara AR (resulted from merging of the Wanex Ltd, Ajara ElectroUnion and United Telecom) includes electronic communication services such as local phone communication, long distance and international calls, internet services, telegraph and radio support.

The fixed phone line services are provided by two companies in Ajara: a) Silk Net Ltd (30078 customers, including 26876 private and 3202 corporate clients covering Batumi and all other municipalities except for certain villages) and b) Vemateli Ltd (1100 customers covering Batumi).

The fixed internet services in the Autonomous Republic of Ajara are provided by the following internet provider companies: a) Silk Net Ltd (12 000 customers in the City of Batumi, Khelvachauri, and Kobuleti); b) Caucasus Online Ltd (730 customers); c) CTS Ltd (City of Batumi with 468 customers) and d) Alfa Telecom Ltd (City of Batumi with 30 customers). The wireless internet services are provided by Vitel Georgia Ltd (the same Maximal, with 2000 customers) and Service Line Ltd (the same Imax with 1000 clients) both covering only the territory of the City of Batumi yet. As for the population of the mountainous regions of Ajara only little part of them is able to enjoy internet services (via the Magticom Ltd phone service called MagtiFix).

The Autonomous Republic of Ajara is considered as having large coverage of cell phone services. The cell phone services are provided to the population of Ajara by mobile service companies such as Magticom Ltd, Geocell Ltd (covering whole territory of Ajara) and Mobitel Ltd (the same Beeline, the coverage does not reach mountainous regions of Ajara).

The TV broadcasting in Ajara is carried out by Ajara Television, the subordinate authority under the Government of the Autonomous Republic of Ajara, and the department of radio broadcasting covering the whole region of Ajara. Tele Channel 25 Ltd is also broadcasting, which does not cover the mountainous regions of Ajara.

II. Public Utility Services

a) Natural Gas

- Provision of Natural gas services to the regions of Ajara (building gas pipelines, gasification) is carried out by SOCAR Georgia Ltd and Ajara Natural Gas Ltd.**
- The SOCAR Georgia Ltd made 13.5 million GEL investments in the field of gasification of Ajara AR in 2008-2010.** As for the total investments that the company plans to make in natural gas development on the territory of Ajara is estimated at approximately 30 million GEL.

From 2008 to 2010 the 123 136 meter long gas pipeline (with the average pressure of 90 442 running meters and 32 694 running meters) was constructed on the territory of Ajara by SOCAR Georgia Ltd.

Table 1. Gas Pipeline built in Ajara by SOCAR Georgia Ltd in 2008-2010

Name	2008		2009		2010	
	Average Pressure	Low Pressure	Average Pressure	Low Pressure	Average Pressure	Low Pressure
City of Batumi	6747	3851	6250	5357	26748	4696
City of Kobuleti	7725	14575			14893	4215
Khelvachauri			1082		26997	

Source: SOCAR Georgia

- In total 1643 customers are connected to the gasification network of SOCAR Georgia in the region of Ajara;** however the number of potential clients is 40 000.

Table 3. Number of Clients of SOCAR Georgia in the region of Ajara (as of 2010)

Name	Customers of SOCAR Georgia Ltd		Potential Customers of SOCAR Georgia Ltd	
	Organization	Individuals	Organization	Individuals
Batumi	46	2184		40676 potential customers
Khelvachauri	9			
Kobuleti	6			
Total	61	2851		

Source: SOCAR Georgia

4. **As of the year of 2010** up to 70 employees are engaged in construction and production activities of SOCAR Georgia Ltd.
5. Natural gas is also supplied to **population of the region of Ajara** by the Ajara Natural Gas Ltd. The mentioned company possesses 28700 running meters of high pressure gas pipelines (Kobuleti-Batumi), 41000 running meters of the medium pressure and 40442 running meters of low pressure gas pipelines.

Table 4. Gas Pipeline Owned by the Ajara Natural Gas Ltd in Ajara

Name	(running meters)	
	Medium Pressure	Low Pressure
City of Batumi – Khelvachauri (villages of Feria, Urekhi, Namandrevi, Zedagele, Todogauri, Injalo)	41000	40442
City of Kobuleti	2800	79000

Source: the Ajara Natural Gas Ltd

6. The Ajara Natural Gas Ltd supplied natural gas to 8421 customers of the City of Batumi, partially Khelvachauri and the City of Kobuleti in 2010, and the number of its employees was 106 people.

Table 5. Number of Customers of the Ajara Natural Gas in Ajara

Name	Corporate	Individuals	Total
City of Batumi – Khelvachauri (villages of Feria, Urekhi, Namandrevi, Zedagele, Todogauri, Injalo)	242	5041	5283
City of Kobuleti	96	3042	3138

Source: the Ajara Natural Gas

b) Water Supply and Sewerage system

1. Management of water supply and sewerage system in the region of Ajara is performed by Limited Liability Companies established by local self-government and non-business (non-commercial) legal entities.

The field is presented by the following legal entities:

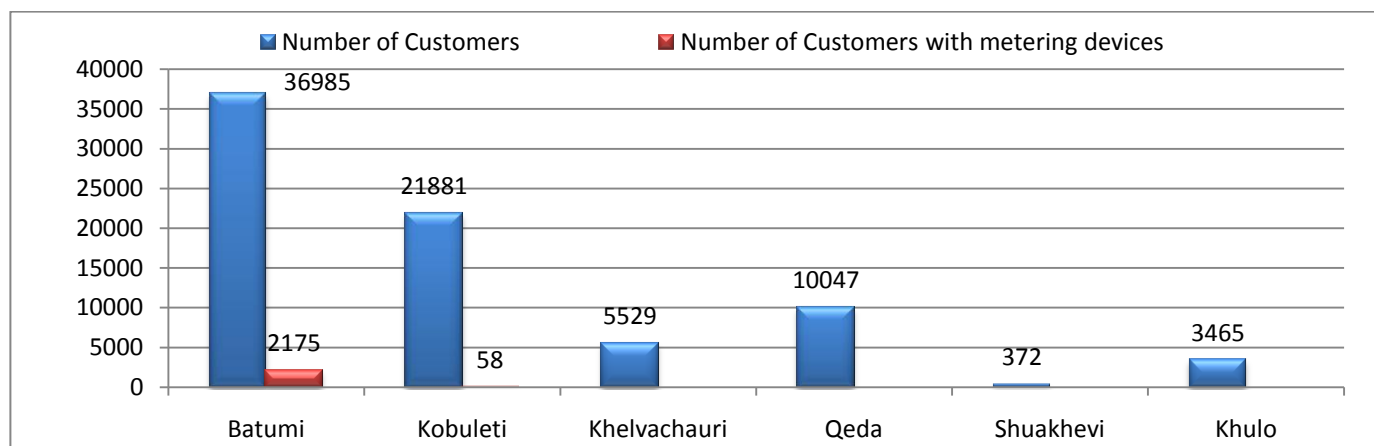
- City of Batumi – Batumi Water Ltd;
- Kobuleti Municipality - Kobuleti Water Channel and non-business firm Kobuleti Village Water;
- Khelvachauri Municipality – non-business firm Khelvachauri Water Channel and Public Utility Industry;
- Qeda Municipality - non-business firm Qeda Water Channel;
- Shuakhevi Municipality - non-business firm Shuakhevi Water Channel;
- Khulo Municipality – non-business firm Khulo Water Channel; Public Law Legal Entity - Resort Beshumi;

2. **Significant works are under way at the moment in the region of Ajara in terms of rehabilitation of water sewerage systems** of the Cities of Batumi and Kobuleti. At the same time water and sewerage systems are being rehabilitated under municipal target programs in municipalities, particularly in communities and rural areas;
3. Large scale works are being carried out and planned for the future with respect to rehabilitation of water and sewerage network of City of Batumi. The works are mainly funded by the Germany Development Bank (KfW), which has already allocated 55 379 043 EUR to the Municipality of the City of Batumi for implementing the first and the second stages. The mentioned rehabilitation project has been fulfilled since 2007. Except for the loans extended by the Germany Development Bank both stages are being financed by the Batumi City Municipality amounting to 9 694 104 EUR. The Value Added Tax for the total amount of 65 073 147 EUR aimed at financing both stages of the mentioned water and sewerage system rehabilitation works is paid by the Batumi City Municipality;
4. Apart from the loan issued to the City of Batumi Municipality, **the Germany Development Bank** has extended additional 6 700 000 EUR to the Autonomous Republic of Ajara for rehabilitation of the Khelvachauri sea coastline water and sewerage system (Sarpi, Kvariati, Gonio, Akhalsopeli);
5. The following activities within the **water and sewerage system rehabilitation project for the City of Batumi** are either being carried out at the moment or will finish soon: the sewerage pump stations N1 and N2 rehabilitation works has completed; main works pertaining to the construction of the Salibauri water supplies reservoir are over; construction of water pump stations in Bartskhana has finished; the rehabilitation of the Mejinistskali water reservoir is coming to an end; the rehabilitation of the Chaisubani water reservoir is under way; the construction of reservoir in Ijalo is going on; complete rehabilitation works on water and sewerage system of the historical City of Batumi has accomplished; water and sewerage system rehabilitation for certain territories of the city also is being carried out;
6. **The first and the second stages of water and sewerage system rehabilitation of the City of Batumi** will end by the end of 2012 which will result in water system rehabilitation on the three fourth of territory and the sewerage system rehabilitation for the one third of territory of the City of Batumi;
7. The third stage of **water and sewerage system rehabilitation of the City of Batumi** needs about 45-50 million EUR after which the water and sewerage system of the City of Batumi will be completely rehabilitated;
8. The rehabilitation of **water and sewerage system of the City of Kobuleti** is carried out under the Municipal Fund of Georgia. The works are accomplished in two stages. On the first stage of rehabilitation 5 799 000 GEL has been allocated, followed by 25 126 599 GEL issued for the second stage.
9. Construction of water reservoirs and headgates was accomplished on the first stage of **water and sewerage system rehabilitation for the City of Kobuleti**. The construction of water and sewerage pipeline network is going on under the second stage. After the completion of both stages the construction of sewerage cleaning facility is planned as a third stage. As for the rehabilitation of the internal water and sewerage system network of the City of Kobuleti, it is necessary to raise corresponding funds and prepare relevant project. By implementing this project the whole water and sewerage system of the City of Kobuleti will be fully rehabilitated.

Table 1. Number of Customers Connected to the Water Supply System on the Territory of Ajara AR (including those who have electric power meters installed), by Self-Government Entities (2010)

Name	Name of Organization	Number of Customer				Number of Customers with individual meters installed			
		Total	Population	Corporate	Budget Financed	Total	Population	Corporate	Budget Financed
Batumi	Batumi Water Ltd	36 985	34 978	1 892	115	2175	168	1 892	115
Kobuleti	Kobuleti Water Channel Ltd	5936	5 541	365	30	58		58	
	Non-business firm Kobuleti Rural Water	15 945	15 945						
Khelvachauri	Non-business firm Khelvachauri Water Channel and Public Utility Industry	5 529	5 529						
Keda	Non-business firm Qeda Water Channel	10 047	9 978	32	37				
Shuakhevi	Non-business firm Shuakhevi Water Channel	372	350	15	7				
Khulo	Non-business firm Khulo Water Channel	1 965	1 940	25					
	PLLE the Bechumi Resort	1 500	1 500						

Chart 1. Number of Customers Connected to the Water Supply System on the Territory of Ajara AR (including those who have electric power meters installed), by Self-Government Entities (2010)



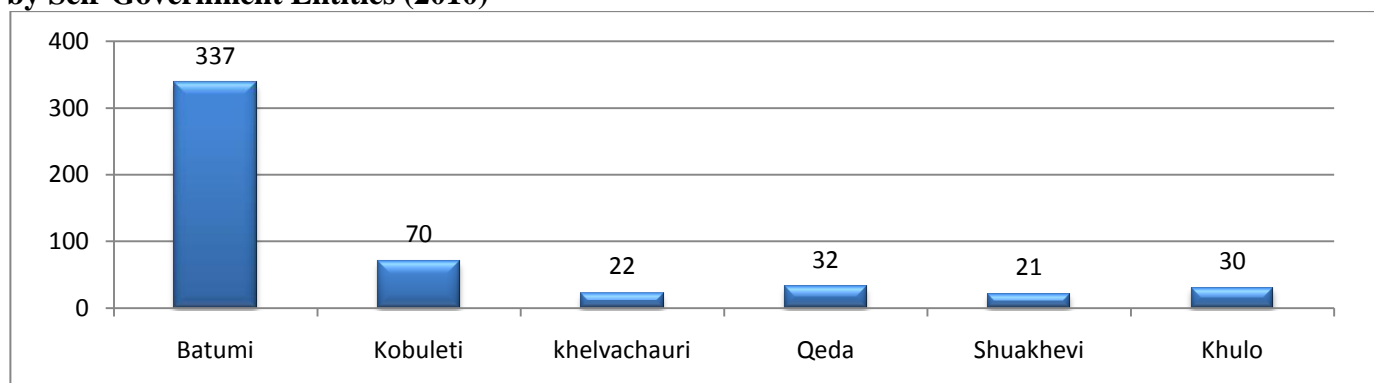
Source: Local Self-Government Entities

Table 2. Number of People Employed on the Territory of Ajara in Water Supply and Sewerage System by Self-Government Entities (2010)

Name	Name of Organization	Number of Employees
City of Batumi	Batumi Water Ltd	337
Kobuleti	Kobuleti Water Channel Ltd	51
	Non-business firm Kobuleti Rural Water	19
Khelvachauri	Non-business firm Khelvachauri Water Channel and Public Utility Industry	22
Qeda	Non-business firm Qeda Water Channel	32
Shuakhevi	Non-business firm Shuakhevi Water Channel	21
Khulo	Non-business firm Khulo Water Channel	26
	PLLE the Bechumi Resort	4

Source: Local Self-Government Entities

Chart 2. Number of People Employed on the Territory of Ajara in Water Supply and Sewerage System by Self-Government Entities (2010)



Source: Local Self-Government Entities

Table 3. Already Implemented/Current Target Programs on the Territory of Ajara in the Water Supply and Sewerage System by Self-Government Entities (2006-2010)

Name	2006	2007	2008	2009	2010 plan
City of Batumi	2 896 125	1 673 023	3 341 979	5 671 000	12 302 100
Kobuleti	1 162 207	1191228	2 179 249	30 000	421 724
Khelvachauri		945 326	1 308 834	27 336	432 472
Qeda	201 700	386 319	518 122	196 595	
Shuakhevi		177 406	474 035	207 142	219 780
Khulo	647 225	47 660	494 298	413 475	459 893

Source: Local Self-Government Entities

Table 4. Already Implemented/Current Target Programs in the Batumi Water Supply and Sewerage System, Funded from budgets of local by Self-Government Entities (2006-2010)

Name	2006	2007	2008	2009	2010 plan
Rehabilitation of Drain Channels	1 675 604	748 593	1 053 657	4 707 578	10 774 600
Rehabilitation of Water Systems	913 196	634 195	1 880 500	924 647	1 130 500
Rehabilitation of Sewerage Systems	307 325	58 812	407 822	38 775	397 000
Costs of Co-funding of the Chakvistkali headgate Rehabilitation Works		230 423			
Total	2 896 125	1 673 023	3 341 979	5 671 000	12 302 100

Source: the Batumi City Municipality

Table 5. Already Implemented/Current Target Programs in Water Supply and Sewerage System on the Territory of Kobuleti Municipality, Funded from budgets of local the Self-Government Entity (2006-2010)

Name	2006	2007	2008	2009	2010 plan
Construction of the Tsikhisdziri Water Supply Systems	1 118 707				
Setting up of a Drinking Water Well in Ochkhamuri	3 500				
Rehabilitation of Kobuleti Water Supply System	40 000				
Purchase of Water Pipelines for Rural Sakrebulo (assemblies) in Kobuleti Municipality		275 000			
Construction of water supply headgates in village Kakuti, in the Kobuleti region		130 000			
Construction of water Supply in Zeniti		329 400	1 731 889		
Program for Drain Channels and Wells		16 000	17 800	30 000	20 000
Rehabilitation of Drain Channels and Sewerage System of Residential Apartment Building House Adjacent to the Dumbadze street of Daba (small town) Chakvi and the Khala		6 100			

highway					
Capital Repairs of sewerage system carried out for two residential apartment buildings located on Agmashenebeli street in Daba (small town) Chakvi		320 000			
Construction of Water Supplies Reservoir in the village of Legva		100 000			
Construction of a headgate in the village of Zeniti		14 728			
Rehabilitation of headgate in Khutsubani Sakrebulo (assembly)			46 550		
Purchase of sewerage manhole			10 000		
Rehabilitation works for drain channels on the Rustaveli Street			2 596		
Setting up of a sewerage system for the 6th secondary school			3 614		
Purchase of Water Pipelines			366 800		
Polyethylene water pipes of different diameter were purchased for improving rural water supply systems under the rural support program					401 724
Total	1 162 207	1 191 228	2 179 249	30 000	421 724

Source: the Kobuleti Municipality

Table 6. Already Implemented/Current Target Programs in Water Supply and Sewerage System on the Territory of Kobuleti Municipality, Funded from the budget of the local Self-Government Entity (2007-2010)

Name	2007	2008	2009	2010 Plan
Purchasing drinking water for population	465 113			
Rehabilitation of water system in villages of a municipality	480 213			
Setting up of the Makho water supply system		122 364		
Setting up of a water supply system in the production of the Tkhilnari Ltd		77 660		
Setting up of Kapreshumi water supply system		134 663		
Setting up of water supply system of Kapreshumi – Sameba		75463		
Settlement of water supply system for Ekalauri Bashkos		134 286		
Settlement of Gantiadi water supply system		79942		
Settlement of the village Adjaristkali water supply system		15300		
Settlement of water supply system in Adlia		22480		
Settlement of Kakhaberi water supply system		24700		
Settlement of Qeda water supply system		99986		
Settlement of Maradisi water supply system In the Kirnati Community		64991		
Settlement of Sarpi water supply system		31009		

Settlement of Agara Water supply system		75000		
Repairing the water storage reservoir in Ganaxleba		10431		
Purchase of water pipes for the villages of municipalities		165572		
Replacement of 1km mile water pipe of Tsinsvla		18000		
Replacement of water intake pipe of the headgate facility in Zeda Tsinsvla		24900		
Settlement of Water reservoirs		19109		
Treatment, maintenance and current repair of water supply system on the territory of a municipality		110000		
Fixing of water supply system in village Akhalsheni		2978		
Current repairs of water supply systems for the school and population of the village Feri			20489	
Replacement of 750 running meter 120mm plastic pipes for population			6847	
Settlement of water supply system headgate in the village FERIA				192472
Settlement of water supply system in the village of Salibauri				70000
Settlement of the Maradidi water supply system (2 nd stage)				80000
Rehabilitation of water supply system in the village Gantiadi (2 nd stage)				60000
Rehabilitation of water supply system in the village Zeda Ganakhleba				30000
Total	945 326	1 308 834	27 336	432 472

Source: the Khelvachauri Municipality

Table 7. Already Implemented/Current Target Programs in Water Supply and Sewerage System on the Territory of Qeda Municipality, Funded from the budget of the local Self-Government Entity (2006-2009)

Name	2006	2007	2008	2009
Water Supply Measures	201700		69596	
Construction of Qeda water supply - Garati		373539	89 464	
Rehabilitation of Dapa Qedi water supply		12780		
Settlement of Drain Systems			3971	
Purchase of Drinking Water Pipes			355091	
Rehabilitation of Water Supply of Gobroneti				20000
Rehabilitation of the Atshesi water supply				6999
Purchase of 3km long d-300mm, d-250mm, and d-200mm pipes for repairing the irrigation channels				69596
Subsidizing non-business entity Water Channel for supplying drinking water to towns				100000
Total	201 700	386 319	518 122	196 595

Source: the Qeda Municipality

Table 8. Already Implemented/Current Target Programs in Water Supply and Sewerage System on the Territory of Shuakhevi Municipality, Funded from the budget of the local Self-Government Entity (2007-2010)

Name	2007	2008	2009	2010 plan
Program of supplying drinking water to the Daba center	19 000	56 074	60 000	63 580
Rehabilitation of the Khitsauri water pipeline	49 672			24 600
Purchasing the pipes for bringing drinking water	69 496	337 939		90 000
Rehabilitation and settlement of drinking water reservoirs	9 618	7 925	22 142	
Rehabilitation and repair of irrigation channels		72 097	15 000	
Purchase of drainage pipes			70 000	
Treatment and maintenance of irrigation channels			40 000	41 600
Rehabilitation of sewerage system in the center of Daba	29 620			
Total	177 406	474 035	207 142	219 780

Source: the Shuakhevi Municipality

Table 9. Already Implemented/Current Target Programs in Water Supply and Sewerage System on the Territory of Khulo Municipality, Funded from the budget of the local Self-Government Entity (2006-2010)

Name	2006	2007	2008	2009	2010 plan
Rehabilitation of Tseri water supply system	19753	7262	7228		
Rehabilitation of the Beshumi resort water supply	332583				
Reconstruction of water storage reservoir supply system in the village Kalota	9960				
Purchase of irrigation pipe for Fushrukauli Sakrebulo (assembly)	4000				
Rehabilitation of the Didachara water supply	27629	5000			
Exploitation costs of Babanuri-Khulo water supply		23998			
Purchase of drinking water pipes for the school of the village Fachkhi		3600			
Purchase of drinking water pipes for the village Makhalakuri		1800			
Purchase of pipes for drain channels of Jvariqeti and Gorjomeladzes'			9500		
Placing the drain pipes on the territory of the Txilvani village cemetery			24100		
Operation Costs for Babanuri-Khulo water supply –			42996		

Tskalkanali Ltd					
Purchase of drinking water for population	253300		324444		
Repair of water supply headgates of the villages Kortokhi, Begleti, and Paqsadzes' and purchase of inner system water reservoirs			45468		
Bringing water to the Skhalta ambulatory			9842		
Purchase of metal pipes for bringing drinking water to the area of Tskarochala in the Tkhilvani Sakrebulo (assembly)			6400		
Setting up drinking water headgate in the village of Dzmagula			5840		
Setting up water headgate in the village of Kishli			7720		
Setting up water distribution reservoir and groundwater intake structure in the village of Elelidzeebi			3760		
Non-business firm Khulo Water Channel				82000	174500
Replacement of inner water supply network on the territory of Daba (small town)				196997	
Repair works on water intake chamber and filters for Babanuri-Khulo water supply network					87000
Maintenance and treatment of drain channels and sewerage system in Daba (small town)		6000	7000	8000	10000
Purchase of drinking water pipes for population				53119	58100
Settlement of drain and irrigation channels, Purchase of pipes				34104	61684
Repair works of rural water supply facilities and reservoirs				39255	68609
Total	647 225	47 660	494 298	413 475	459 893

Source: the Khulo Municipality

c) Electricity Power Supply

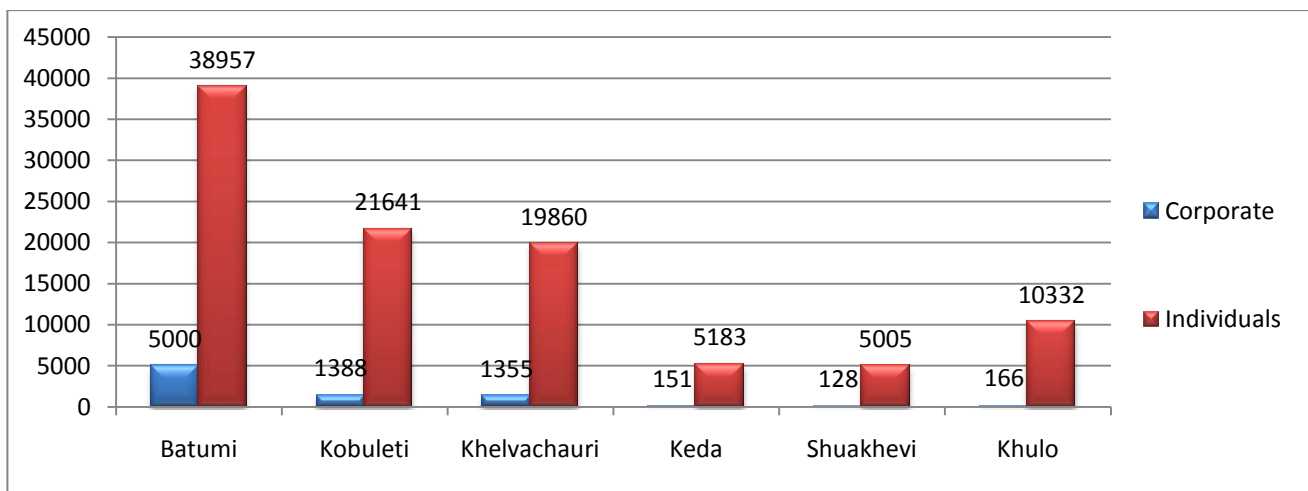
1. System of electricity power distribution and supply has **improved significantly in the region of Ajara**. Electricity power supply is provided by Energo-Pro Georgia JSC. Nowadays the region is fully supplied with the electricity throughout 24 hours except for emergency blackout cases. However the system may still be characterized as vulnerable (e.g. poor voltage) due to existing deficiencies in distribution system. Today the process of installation of individual electric power meters is going on actively throughout the almost whole region;
2. Investments made **in Ajara by Energo-Pro Georgia JSC** in 2007-2010 equalled to 19 million GEL. Out of this amount 15 million GEL was spent on distribution and 4 million GEL on the construction of the Atshesi Hydro Power Plant;
3. Number of customers of Energo-Pro Georgia JSC in Ajara was 109 166 by August 1, 2010.

Table 1. Number of Customers of Energo-Pro Georgia JSC in Ajara (by August 1, 2010)

Name	Corporate	Individuals
City of Batumi	5 000	38 957
Kobuleti Municipality	1 388	21 641
Khelvachauri Municipality	1 355	19 860
Qeda Municipality	151	5 183
Shuakhevi Municipality	128	5 005
Khulo Municipality	166	10 332
Total	8 188	100 978

Source: the Energo-Pro Georgia

Chart 1. Number of Corporate and Individual Customers of Energy-Pro Georgia JSC in Ajara (by August 1, 2010)



Source: the Energy-Pro Georgia JSC

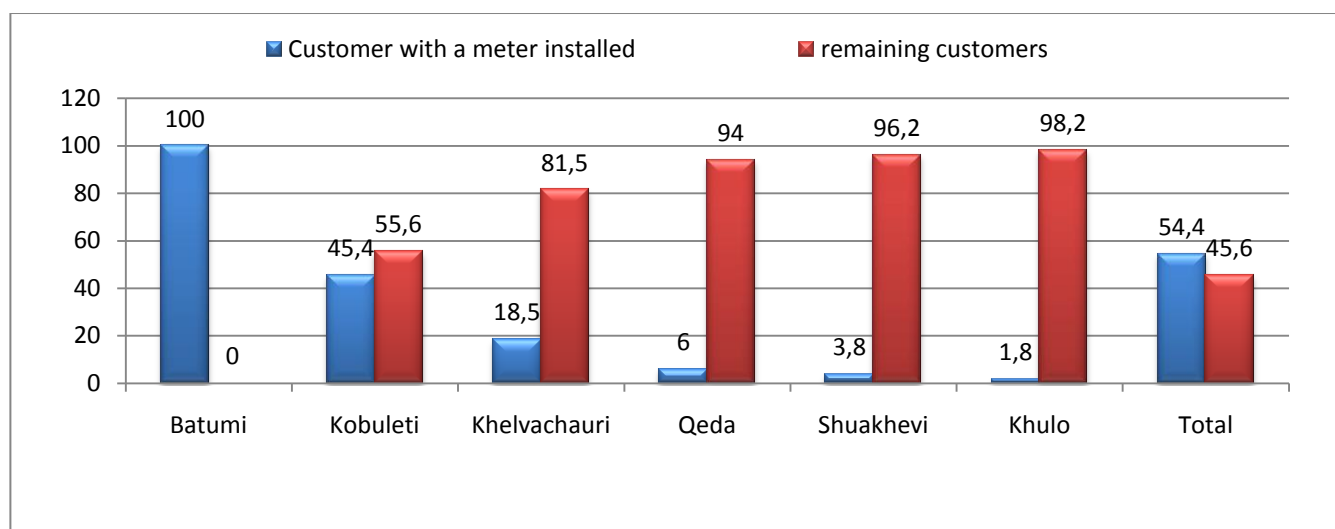
4. 54.4% (58 262 clients) of customers of **Energo-Pro Georgia JSC** in Ajara have individual electric power meters installed.

Table 2. Installation of individual electric power meters for customers (by August 1, 2010)

Name	%
City of Batumi	100% - 43 957
Kobuleti Municipality	45,4% - 9 991
Khelvachauri Municipality	18,5% - 3 600
Qedi Municipality	6,0% - 314
Shuakhevi Municipality	3,8% - 208
Khulo Municipality	1,8% - 192
Total	54,4% - 58 262

Source: the Energo-Pro Georgia JSC

Chart 2. Installing Individual meters for customers of Energy-Pro Georgia JSC in Ajara (by August 1, 2010)



Source: the Energy-Pro Georgia JSC

5. **According to the expectations of Energo-Pro Georgia JSC** Installation of individual electric power meters will be finished by the end of 2013.

Table 3. Individual electric power installation plan of Energo-Pro Georgia JSC in the region of Ajara (2010-2013)

Name	2010-2011	2011-2012	2012-2013
Kobuleti	26,6 % - 5 864 customers	14,2 % - 3 117 customers	13,8 % - 3 018 customers
Khelvachauri	36,8 % - 7 147 customers	29,9 % - 5 806 customers	14,8 % - 2 891 customers
Qeda	23,5 % - 1 221 customers	-	70,5 % - 3 671 customers
Shuakhevi	8,6 % - 475 customers	-	87,6 % - 4 807 customers
Khulo	8 % - 885 customers	-	90,2 % - 9 894 customers

Source: the Energy-Pro Georgia JSS

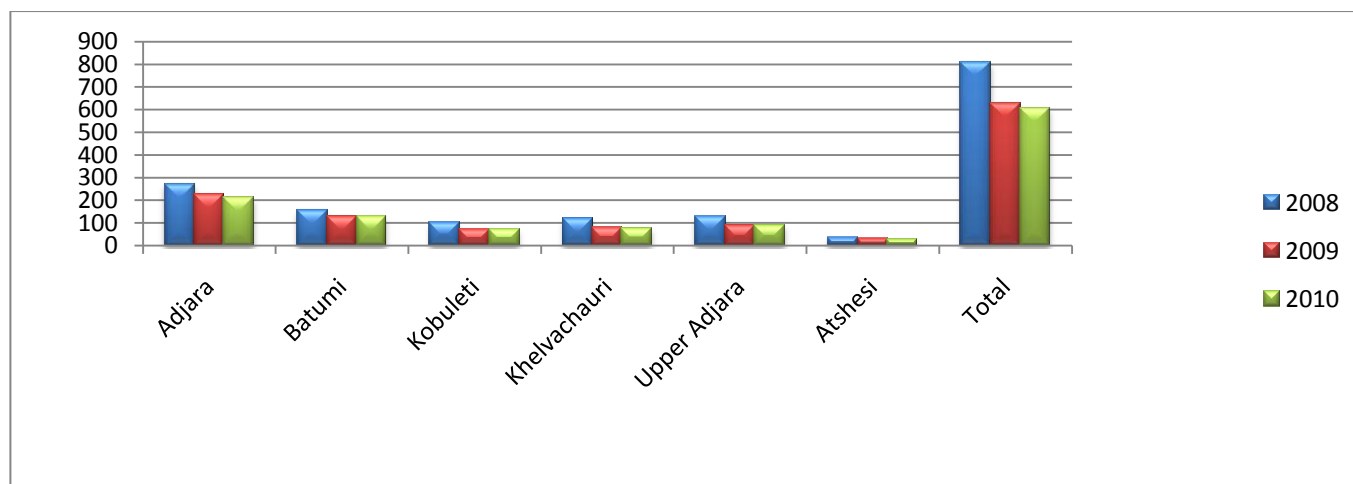
6. There are 608 people employed by Energo-Pro Georgia JSC in the region of Ajara.

Table 4. Number of people employed by Energo-Pro Georgia JSC in the region of Ajara (2008-2010)

Name	2008	2009	2010
Ajara Branch	271	223	210
Batumi Service Center	156	128	126
Kobuleti Service Center	100	73	73
Khelvachauri Service Center	120	79	78
Upper Ajara Service Center	126	91	91
Atshesi	37	32	30
Total	810	626	608

Source: the Energy-Pro Georgia JSC

Chart 3. Number of people employed by Energo-Pro Georgia JSC in the region of Ajara (2008-2010)



Source: the Energy-Pro Georgia JSC

SWOT Analysis for Infrastructure

Strengths

1. Geographic location of Ajara
 - Geostrategic and natural advantages of the Batumi sea port;
 - Favorable and stable navigation environment;
2. Transport infrastructure in the region:
 - International importance of the Batumi International Airport;
 - The airport equipped with modern technologies and international standards;
 - Availability of a rail ferry terminal in the Batumi sea port, serving as a main transit link on the eastern coast of the black Sea which is used for transporting dry and bulk cargo through this route as well as from the countries located in the south from Georgia;
 - Importance of the Ajara railway network and its infrastructure in transporting crude oil, oil products and dry cargo from Caspian Sea region to Europe by rail and vice versa;
 - International road transportation via Tbilisi-Batumi-Istanbul highway.
3. The role of the region of Ajara in the development of transit corridor and logistic services of the country;
4. Attracting state investments in infrastructural projects;
5. Mutual participation of International Financial Organizations in infrastructural projects;
6. Availability of cell phone services;
7. Providing natural gas to people of Batumi, Kobuleti and Khelvachauri. Measures to be taken (planned) by SOCAR Georgia Ltd with respect to process of gasification of Batumi, Kobuleti and Khelvachauri;
8. Continuation of the 1st and the 2nd stages of water and sewerage system rehabilitation works in Batumi and Kobuleti;

Weaknesses

1. Outdated means of transportation and their incompliance with international ecological and technical norms provided by international conventions;
2. Poor development of auxiliary transport industry in the field of transport (poor qualification of personnel and management, lack of technical facilities of proper standards preventing the application of environmental, health and safety measures);
3. Ecology related transport problems (absence of policy regarding air emissions by enterprises and organizations engaged in this field, water supply, flowing water discharge, waste management, utilization of dangerous substances and etc);
4. Absence of municipal bodies regulating and controlling transport ecology matters;
5. Absence of modern standard garages and bus stations;
6. Ecological problems caused by roads in resort areas of the region of Ajara (Sarpi, Kvariati, Kobuleti);
7. Incompatibility of regional motor roads of Ajara with international standards;
8. Poor conditions of roads in rural areas;
9. Underdevelopment of urban municipal transport infrastructure (lack of road signs and traffic lights; undrawn/unmarked streets, insufficient crosswalks for pedestrians; irregular social transport stops, parking; transport infrastructure is irrelevant to people with disabilities);
10. Irregular transport schedules and routes between municipalities and rural areas;
11. Absence of transit road in Batumi, which would otherwise have relieved the city from traffic if existed;
12. Poor competitiveness of Batumi sea port and international container terminal with respect to the port of Poti driven by tariffs set on international rail transportation. As a result the Batumi port may end up in handling only uncompetitive dry cargo and

	<p>containers;</p> <ol style="list-style-type: none"> 13. Institutional underdevelopment of logistical services hindering the growth of competitiveness of transport companies active in this field and affecting the quality of services and tariffs; 14. Negative impact of railway and freight station located on the territory of the City of Batumi; 15. Existence of rail infrastructure in tourism areas of the region of Ajara (Makhinjauri, Chakvi, Tsikhisdziri) prevents further development of tourism; 16. High tariffs on passenger transportation and carriages of goods (by the air, sea, and land transports) are negatively reflected on the generation of traffic of passengers and freight; 17. Inequality of internet usage between the population of cities and villages; 18. Poor availability of fixed telephone services region wide; 19. Incomplete gasification of whole territory of the region of Ajara, mainly mountainous regions; 20. There is no supply of natural gas to high-altitude mountainous areas of Ajara; 21. Depreciated material and technical basis of enterprises involved in water and sewerage system services, which requires renovation; 22. Lack of water quality laboratories and incompatibility with modern standards; 23. Irregular continuous supplies of water today and poor quality of water supplied; 24. Depreciated condition of existing water supply and sewerage system and its poor capacity; 25. Slow water meter installation process in Batumi, Kobuleti and municipality Dabas; 26. Poor individual electric power meter installation in the Ajara municipalities;
<p><u>Opportunities</u></p> <ol style="list-style-type: none"> 1. Facilitation of the development of tourism in the region by investments to be made in the field of transport infrastructure development; 2. Construction of road by-passing Ajara; 	<p><u>Threats</u></p> <ol style="list-style-type: none"> 1. Growth of ecological problems; 2. Economic crisis; 3. Poor attractiveness of sea infrastructure for potential clients and investors, together with the increased competitiveness;

<ol style="list-style-type: none">3. Increase of foreign investments in the field of transport infrastructure;4. Road rehabilitation. Taking road safety ensuring measures;5. Development of transport infrastructure;6. Additional transport seasonal routes;7. Further development of air transportation related infrastructure;8. Active participation of the region in elaborating state policy of electronic management development;9. Creating sustainable system of infrastructure maintenance and treatment;	<ol style="list-style-type: none">4. Decreased investments;5. Growth of prices on fuel;
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STRATEGIC DIRECTIONS

Transport

1. Enhancing **sustainable urban transport infrastructure** (installing traffic lights, and **improving existed ones!**), **road signs, stops for public transports; draw maps of transport routes, marking roads and crosswalks for pedestrians;** and creating appropriate transport **infrastructure for people with disabilities**);
2. **Studying the municipal transport market demand and supply, researching on roads related problems** in municipalities and, based on the findings, working out **proper recommendations**, aimed at regulating transport schedules and routes between municipalities and rural areas;
3. **Providing recommendations to the Ajara Municipalities and Batumi Self-Government** about the establishment of a control or regulation body on transport ecology matters; or **granting additional authorities** to existing supervisory service;
4. Taking appropriate steps with respect to observing ecological and technical norms provided by international convention and prohibiting respective bodies to license activities where endangering means of transport are involved;
5. Locating favourable territory for the construction of bus stations and garages, preparing respective areas for privatization and searching for **investors** who would **build bus stations and garages of international standards**;
6. Commencing the construction of a by-pass road in the region to relieve central arteries from traffic jams and avoid ecological problems caused by transiting the resort areas (Sarpi, Kvariati, Kobuleti);
7. **Improving road quality from Batumi to Akhaltsikhe** to ensure traffic on this route all the year round;
8. **Arranging transport infrastructure (Bridges) at the motor road and railway crossing points in Batumi** to facilitate unhindered movement of traffic;
9. **Removing railway infrastructure from coastline area** in order to promote the development of tourism on Kobuleti- Chakvi-Makhinjauri section;
10. **Approaching taxi service infrastructure to modern international standards;** Providing transportation for rent;
11. **Creating bicycle lanes** on main roads of Ajara, particularly in Cities and Dabas (small towns);
12. **Securing parking places at tourism sites and facilities;**
13. **Developing ecologically safe transport infrastructure;**
14. **Arranging small harbours** for yachtsmen and little boat travellers;
15. Establishing state air company.

Telecommunication

16. **Facilitation of measures aimed at increasing internet availability in the region;**

Public Utility Services

17. **Modernization of public utility infrastructure** in order to increase safe and sustainable provision of customers with normative quality public utility resources; minimizing the emergency situations and delays in service, quantitative and qualitative increase of services provided;
18. **Promoting full gasification of Ajara;**
19. **Raising funds for complete rehabilitation of water and sewerage system of the City of Batumi** (3rd phase) requiring **45-50 million EUR and carrying out relevant activities** which would fully secure the functionality of water and sewerage systems throughout the whole 21st century;

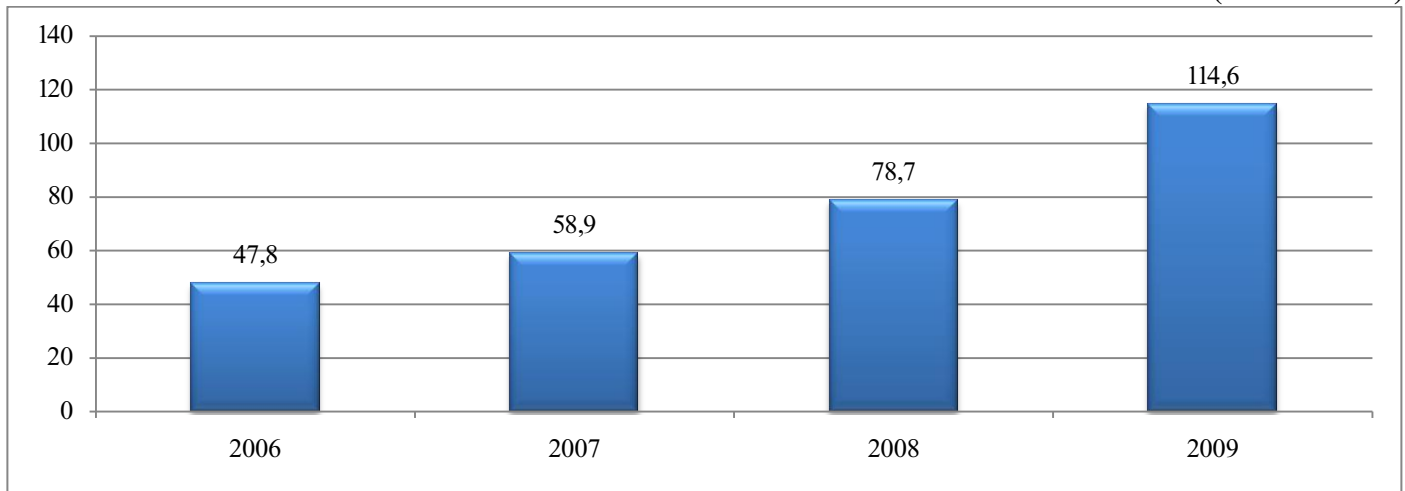
20. **It is necessary to raise funds for full rehabilitation of water and sewerage system of Kobuleti,** prepare the project and to carry out respective works for good operability of the entire water and sewerage system of Kobuleti;
21. **Implementation of municipal target programs in water supply and sewerage systems of municipalities** for good operability of entire water and sewerage systems of all municipalities and Dabas (small towns);
22. **Taking relevant steps in Batumi, Kobuleti and municipal Dabas (small towns) for ensuring that individual electric power meters are installed for customers;**

Chapter 8. Health Care and Social Protection

1. **The GVA in the field of healthcare and social protection in 2009 was 114.6 million GEL which is 45.6% higher than in previous year.** Growth trends are observed in the development of this indicator.

Chart 1. GVA in the field of Health Care and Social Protection of Ajara in 2006-2009

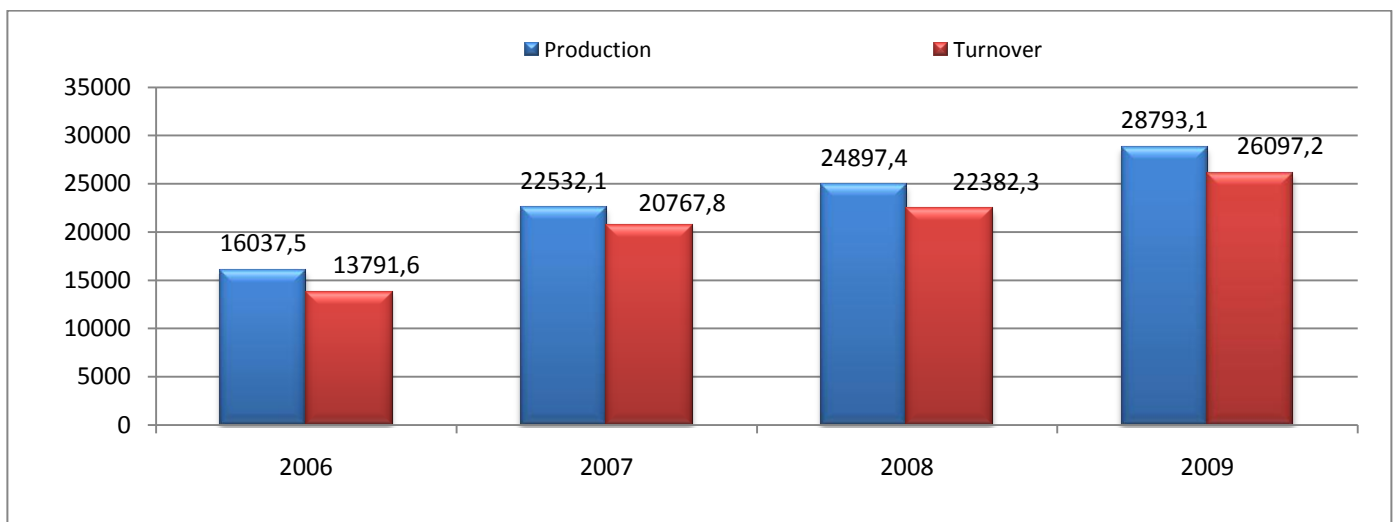
(million GEL)



Source: National Statistics Office of Georgia

2. **Production in the field of health care has grown for recent years.** In 2009 it amounted to 28793.1 thousand GEL, which was 15.6% higher than in 2008. The turnover has also increased since 2006 and amounted to 26097.2 thousand GEL in 2009, which is 16.6% higher.

Chart 2. Production and Turnover in the field of health care of Ajara in 2006-2009 (business sector)
(thosand GEL)

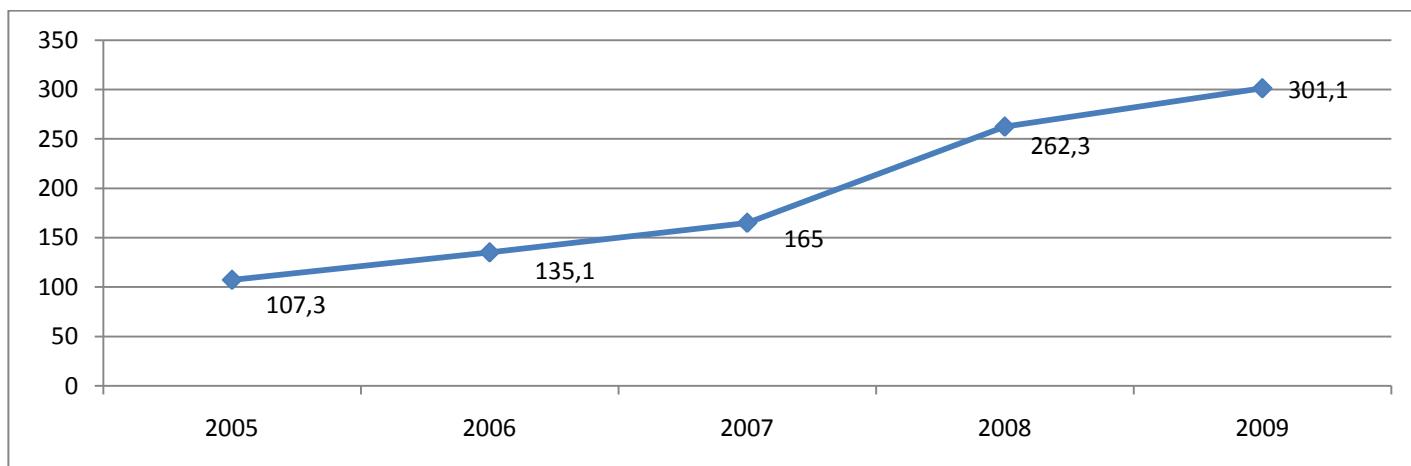


Source: National Statistics Office of Georgia

3. **Remuneration rate in the field of health care in Ajara amounted to 301.1 GEL in 2009.** This figure is also characterized with growing trends;

Chart 3. Average Remuneration Monthly Rate in the field of Health Care of Ajara in 2005-2009 (business sector)

(GEL)

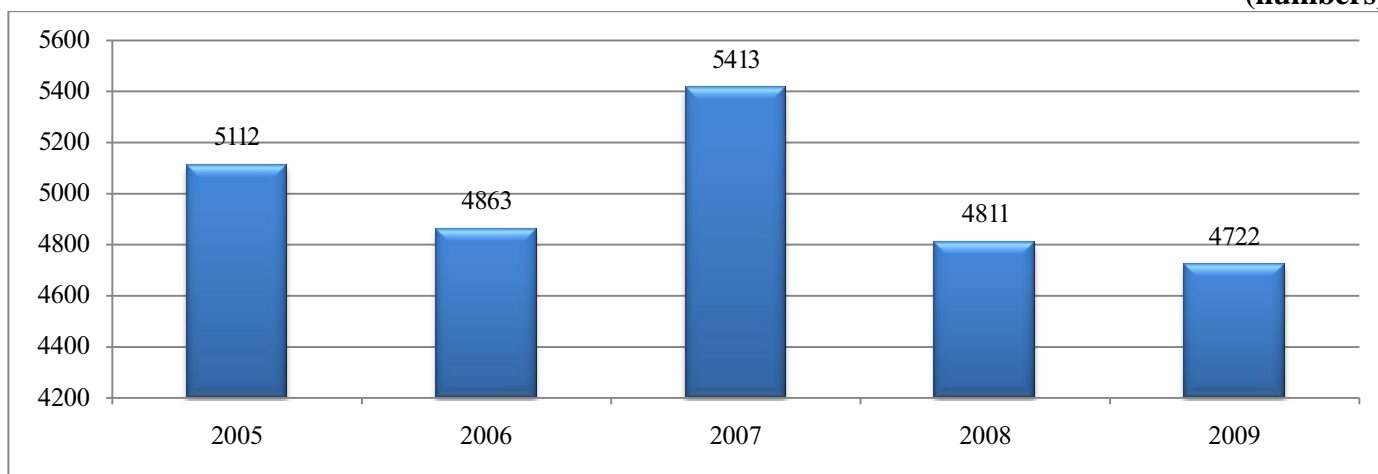


Source: National Statistics Office of Georgia

4. **4722 people were employed in the field of health care of Ajara in 2009.** The number dropped by 1.8% compared to previous year.

Chart 4. Number of people employed in the field of health care of Ajara in 2005-2009 (business sector)

(numbers)



Source: National Statistics Office of Georgia

Table 1. Medical Personnel (2005-2009)

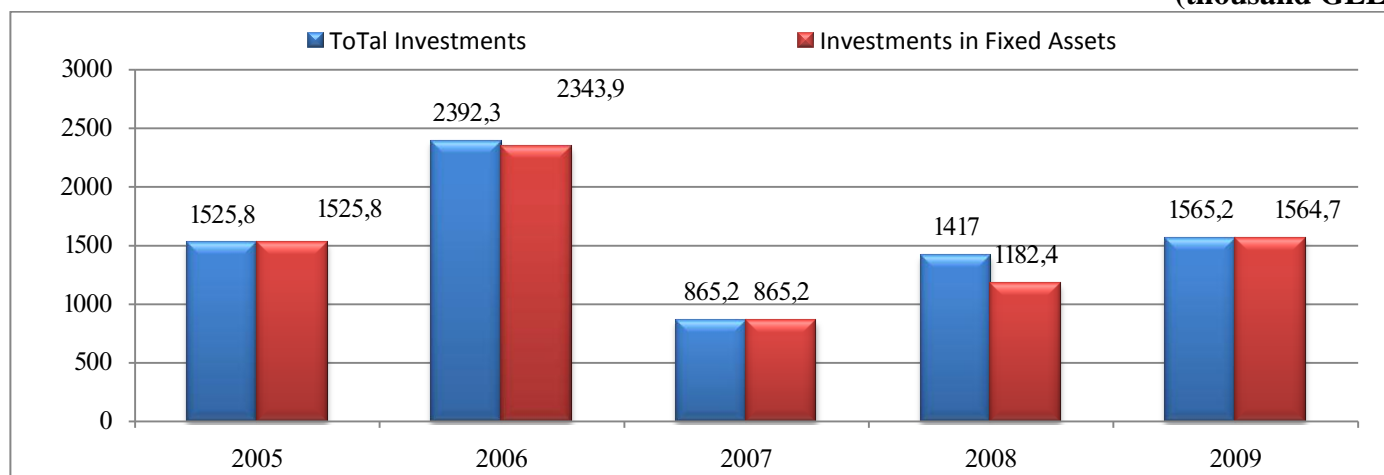
Medical Personnel Employed in State Sector	2005	2006	2007	2008	2009
Physicians	1 196	1 120	1 182	1 205	1 258
Medium Level Medical Personnel	2 124	2 076	2 047	2 038	1 979
Administrative and Lower Level Medical Personnel	1 100	1 075	1 234	1 265	1 190
Medical Staff Employed in the Private Medical Sector					
Physicians	61	35	83	115	115
Medium Level Medical Personnel	38	40	47	84	64
Administrative and Lower Level Medical Personnel	17	21	40	68	68

Source: Ministry of Health Care and Social Protection of Ajara AR

5. **Investments made in the field of health care of Ajara amounted to 1 565 200 GEL in 2009 - 10.4% higher than in 2008.**

Chart 5. Investments made in the field of health care of Ajara in 2005-2009 (business sector)

(thousand GEL)



Source: National Statistics Office of Georgia

6. **As of January 1, 2010 there were 45 state founded (with 100% participation) medical institutions in Ajara.**

Optimization, rehabilitation and equipment of hospital sector is being partially implemented via projects of the Ministry of Labour, Health and Social Protection of Georgia based on the Decree N 11 of the Government of Georgia from January 26, 2007 on “Approving the Plan for Hospital Sector Development”. As for the first healthcare network, its rehabilitation and equipment ended in 2008.

Table 2. Medical Institutions Founded with 100% State participation (2005-2009)

Medical Institution Owned by State	2005	2006	2007	2008	2009
Hospitals	28	20	19	18	18
Clinics	12	11	10	10	10
Dispensaries	10	7	4	3	3
Centers for Family Medicine	–	1	2	2	2
Emergency Medical Service Institutions	7	7	6	6	6
Blood Transfusion Stations	1	1	1	1	1
Medical Centers	–	–	5	5	5

Source: Ministry of Health Care and Social Protection of Ajara AR

7. **At the same time the development of private medical sector is under way.** The sector is basically represented by in-patient departments, diagnostic centers, dental clinics and rooms. Their number in 2010 was 10 (without dental rooms), including 3 hospitals, 2 private dental clinics and 3 diagnostic centers;

Table 3. Private Medical Institutions in 2005-2009

Medical Institutions in Private Ownership	2005	2006	2007	2008	2009
Hospitals	1	1	1	2	3
Private Dental Institutions	81	85	89	95	107
Diagnostic Centers	1	1	1	1	3
Ambulatory Sector	1	2	2	2	2

Source: Ministry of Health Care and Social Protection of Ajara AR

8. **Number of beds in medical institutions of Ajara** amounted to 1036 in 2010.

Table 4. Figures regarding the operation of medical institutions (by January 1, 2010)

Name	Beds	Bed Load indicator	Bed Idleness Indicators	Bed Turnover indicators
Batumi	778	194,4	6,4	30,2
Kobuleti	98	133,7	4,4	30,3
Qeda	40	50,6	3,8	13,2
Shuakhevi	45	111,5	7,2	15,2
Khulo	55	115,4	5,6	20,7
Khelvachauri	20	47,8	6,6	7,4

Source: Ministry of Health Care and Social Protection of Ajara AR

9. **Total number of medical events in Ajara in 2009 was 193 170**, however sickness indicator for 100 000 people was 50 660. Number of events among those who are under 15 was 42 608.

Table 5. Ambulatory assistance, by municipalities by January 1, 2010

Name	Registered Sicknesses, total		Including			
			Youngsters	Adults	Children under 0-15	
	Number of Medical Events	Sickness per 100000 people	Number of Medical Events	Sickness per 100000 people	Number of Medical Events	Sickness per 100000 people
Batumi	87057	71183,2	71098	58134,1	15959	--
Qeda	6860	34472,4	4906	24653,3	1954	--
Kobuleti	25569	28536,8	18374	20506,7	7195	--
Shuakhevi	4981	22436,9	3692	16630,6	1289	--
Khelvachauri	48957	52926,5	36729	39707,0	12228	--
Khulo	19746	56741,4	15763	45296,0	3983	--
Ajara	193170	50660,9	150562	47665,8	42608	65120,0

Source: Ministry of Health Care and Social Protection of Ajara AR

Table 6. Ambulatory Assistance, by Self-Governments (by January 1, 2010)

Name	Patients registered with first-in-life diagnosis, total		Including			
			Youngsters	Adults	Children under 0-15	
	Number of Medical Events	Sickness per 100000 people	Number of Medical Events	Sickness per 100000 people	Number of Medical Events	Sickness per 100000 people
Batumi	39261	32102,2	25443	20803,8	13818	--
Qeda	3684	18512,6	2076	10432,2	1608	--
Kobuleti	14946	16680,8	8665	9670,8	6281	--
Shuakhevi	3387	15256,8	2272	10234,2	1115	--
Khelvachauri	29812	32229,2	19003	20543,8	10809	--
Khulo	10107	29043,1	6588	18931,0	3519	--
Ajara	101197	26540,0	64047	20276,4	37150	56778,2

Source: Ministry of Health Care and Social Protection of Ajara AR

10. Hospitalization and lethality by January 1, 2010**Table 7. Hospitalization and lethality (by January 1, 2010)**

Name	Total			Including children under 15			
	Number of Patients Discharged	Number of Patients Dead	Lethality %	Number of Patients Discharged	Number of Patients Dead	Lethality %	Including lethality among children under 1 year
Batumi	23094	445	1,9	4252	73	1,7	3,9
Qeda	500	0	0,0	28	0	0,0	0,0
Kobuleti	3031	48	1,6	871	1	0,1	0,3
Shuakhevi	662	6	0,9	118	0	0,0	0,0
Khelvachauri	147	0	0,0	0	0	0,0	0,0
Khulo	1148	1	0,1	244	0	0,0	0,0
Ajara	28582	500	1,8	5513	74	1,3	3,2

Source: Ministry of Health Care and Social Protection of Ajara AR

The health care and social protection field significantly depends on government funding. However, share of the private sector (which is developing simultaneously as well) in the provision of medical services is dynamically increasing.

The population is provided with medical services within the state and local programs under which the government finances fully or significant part of medical treatment costs. Paid medical services are also growing. Individual as well as corporate insurance practices are expanding. Certain state and local medical programs are being replaced gradually by government's ensuring socially unprotected categories that plays important role in further development of this field.

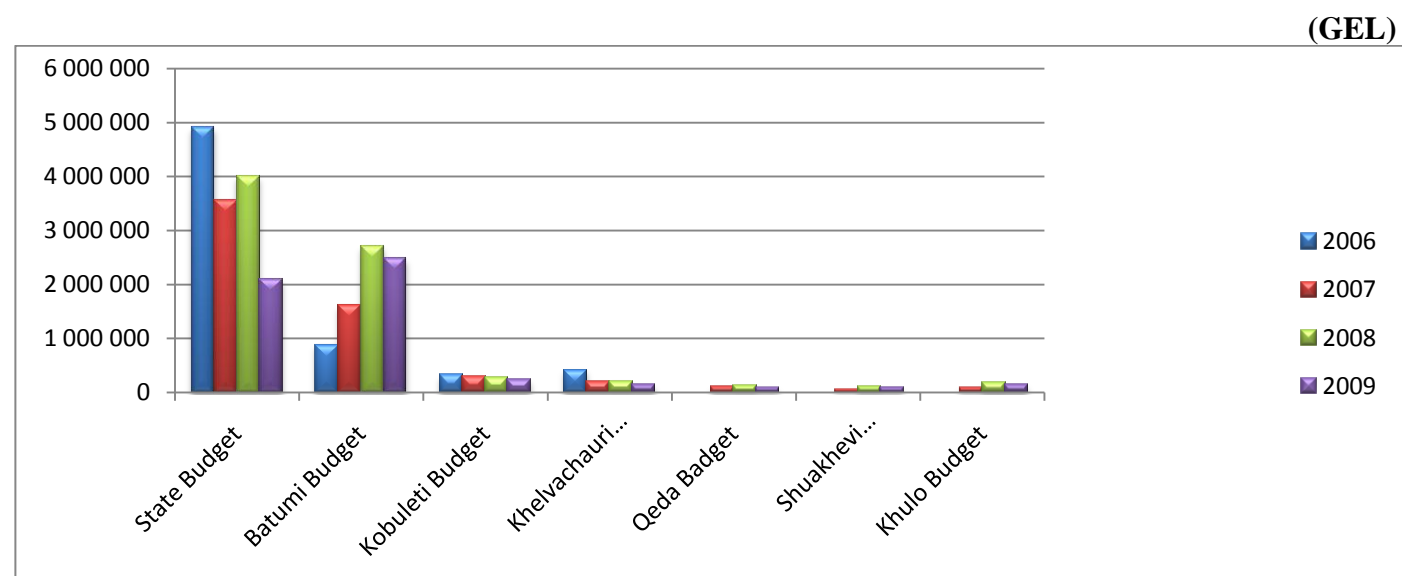
11. Social and healthcare programs for 5 260 811 GEL were financed from the state and local budgets of Ajara in 2009.

Table 8. Social and healthcare programs financed from the state and local budgets of Ajara (2006-2010)

Name	2006	2007	2008	2009
Budget of the Republic of Ajara	4 911 696	3 553 392	4 006 692	2 086 835
Batumi	875 162	1 607 758	2 702 961	2 473 839
Kobuleti	316 545	285 172,20	266 620	229 697
Khelvachauri	414 399	194 354	203 600	143 600
Qeda		108 961	134 593	87 640
Shuakhevi		63 820	113 000	94 900
Khulo		85 295	186 000	144 300
Total	6 517 802	5 898 752	7 613 466	5 260 811

Source: Ministry of Health Care and Social Protection of Ajara AR

Chart 6. Social and healthcare programs financed from the state and local budgets of Ajara (2006-2009)



Source : Ministry of Health Care and Social Protection of Ajara AR

Table 9. Programs finances by the Ministry of Healthcare and Social Protection of Ajara AR (2006-2009)

(GEL)

N	Name	2006	2007	2008	2009
	Total	4 781 596	3 410 652	3 859 692	1 926 805
	Ambulatory Assistance Program	1 443 459	258 858	871 861	27 836
1	Individual medical assistance component of Population	592 888	230 000	773 193	
2	Additional labour remuneration component of medical personnel employed at municipality centers				27 836
3	Additional labour remuneration component of physicians participating in ambulatory assistance programs (mountainous regions)	85 236	28 858	98 668	
4	Additional emergency medical assistance component of population	43 955			
5	Program dialysis provision component of population	174 340			
6	Component of medical assistance to drug and narcotic addicts	9 994			
7	Emergency ambulatory traumatological assistance component	159 983			
8	Additional component for monitoring of the pregnant	119 676			
9	Neurorehabilitation component	81 000			
10	Component of providing specific medicines for population	117 696			
11	Component of dental services for the disabled people	58 691			
	Stationary Assistance Program	2 081 628	1 840 196	1 785 763	1 150 829
1	Component of helpless people's medical assistance (insurance)		1 190 889	965 211	
2	Component of resource-intensive high technology medical service (cardiac surgery)	618 780	649 307	698 966	529 249
3	Component of incurable patients' palliative assistance			121 586	121 600
4	Program of additional medical assistance				499 980
5	Resource-intensive high technology medical assistance component (Endo prosthesis)	224 694			
6	Additional stationary assistance component	1 238 154			
	Program for Facilitation of Physicians' Retraining and Permanent Medical Education	111 390	79 502	13 800	6 600
1	Component for facilitation of permanent professional education of the employed medical personnel	20 000	18 330		
2	Component for retraining young doctors and specialists	73 262	61 172	13 800	6 600
3	Physicians retraining component	6 828			
4	Component for training in the matters of emergency medical assistance	11 300			
	Preventive Medical Programs	381 470	209 856	256 216	429 469
1	Pre-physician medical assistance component for rural population	191 500	185 856	256 216	429 469

2	Blood Bank component		24 000		
3	Component of sanitary, bacteriological and labouratory researches	37 170			
4	Program of forensic medical examination, research and expertise	152 800			
	Social Protection Programs	592 795	184 570	532 509	205 000
1	One-time assistance component for citizens above 100	26 400	21 300	21 900	30 000
2	One-time assistance component for families with 5 and more underage children and single mothers (under 18)	152 559	152 006	96 359	
3	Program Co-financing the state program aimed at facilitating the development of private practices of the physicians in rural areas.			36 000	
4	Program aimed at facilitating the development of the first-air medical assistance at a medical service point of the community			178 000	175 000
5	Component for taking care and nursing after helpless seniors	119 918			
6	Component for securing hearing devices for the people with poor auditory abilities	153 525		200 250	
7	Component for prosthesis and orthopaedic services of the disabled people	18 475			
8	Component for psycho-social rehabilitation of psychically sick people	10 459	11 264		
9	Assistance program for the displaced people	111 459			
	Funds allocated from the reserve fund of the Ajara AR for different purposes	170 854	837 670	399 543	107 071
1	One-time assistance fund, social assistance fund for resettling the people(refugees) forcedly displaced from Abkhazia and their families from the Autonomous Republic of Ajara to different regions of Georgia	89 770			
2	Social assistance fund for people forcedly displaced from Abkhazia who live at different facilities which are to be privatized	81 084			
3	Social assistance fund for population of the Autonomous Republic of Ajara aimed at covering medical treatment costs		91 670	267 010	
4	Subsidizing the electric power consumption by forcedly displaced people from Abkhazia and citizens living compactly in different buildings			46 533	
5	One-time material assistance fund for families affected by natural calamities and fire		746 000		
6	Different social programs			86 000	107 071

Source: Ministry of Health Care and Social Protection of Ajara AR

Table 10. Preventive Target Programs Implemented in the Field of Health Care of Ajara, by the Division of Public Health (2005-2009)

N	Preventive Target Programs	Budget (GEL)
2006		
1	Component for donor facilitation	90100
2	Component for anti-flu preventive measures (vaccination)	40000
		130100
2007		
1	Program for epidemic supervision implementation and epidemic situation management	82340
2	Target program for antirabic measures implementation	28800
3	Target program for the prevention of malaria	19690
4	Target program for the adoption of healthy life-style	11910
		142740
2008		
1	Program for epidemic supervision implementation and epidemic situation management	85000
2	Target program for antirabic measures implementation	30000
3	Target program for the prevention of malaria	20000
4	Target program for the adoption of healthy life-style	12000
		147000
2009		
1	Program for epidemic supervision implementation and epidemic situation management	135000
2	Target program for the adoption of healthy life-style	25 030
		160030

Source: Ministry of Health Care and Social Protection of Ajara

Table 11. Target Programs in Health Care and Social Protection of Batumi Municipality (2005-2009)

No	Name of the Program	(GEL)			
		2006	2007	2008	2009
1.	Free municipal dining rooms for socially unprotected population	236 225	260 967	243 935	531 974
2.	One-time material assistance	30000	----	----	----
3.	One-time material assistance for giving birth to the 5 th or more child	----	----	----	----
4.	One-time material assistance for giving birth to the 3 rd or every next child	----	----	47800	55700
5.	Creation of computer classes at children's homes	----	----	----	----
6.	Community office for Children of Batumi	----	----	----	----
7.	Young military patriotic camp	----	----	----	----
8.	Revealing scoliosis, vision and growth problems in Batumi. Making steps against scoliosis and for its preventions	28800	27008	----	----
9.	Psycho social rehabilitation of children with psychic problems	21175	18369	39458	59776
10.	Program of supervision over those who the court declared to be incapacitated	10415	----	----	----
11.	Ambulatory treatment program for coxofemoral joint dysplasia and dislocation screening	7830	7235	10 395	18 152
12.	Insect extermination on the territory of city	96603	82549	107655,6	125992

13.	Program of securing liquefied gas for socially unprotected population	86156	----	----	----
14.	Program of securing public utility services for people with 1 st group disabilities	7350	8201	----	----
15.	Program of benefits for the 1 st group blind people	----	----	70106	25950
16.	Treatment and nursing for helpless seniors	----	109231	306240	467042
17.	Program for pension bonuses	----	786833	----	----
18.	Component of incurable patients' palliative assistance	----	35963,81	-----	-----
19.	Program of benefits for veterans of war and armed forces, people equated to them, family members of those who were killed in war, veterans of military forces and those who were deprived of patrons	338108	263901	434056	230995
20.	Exposing and treating sicknesses at schools and kindergartens	----	----	34988.42	52120
21.	Diagnostics of Early forms of oncologic diseases and their prevention	----	----	23913.24	36400
22.	Social assistance program for socially unprotected people and large families, single mothers	----	----	344380	363363
23.	Subprogram of supplying medicines to patients suffering from bronchial asthma	----	----	----	18960
24.	Subprogram of providing specific medicines to the patients suffering from epilepsy	----	----	33935	52815
25.	Subprogram of supplying medicines to the second group disabled people and pensioners suffering from diabetes falling within the range of points between 0 and 100 000	----	----	----	12600
26.	Program ensuring cataract surgery for seniors living in Batumi	----	----	72000	29000
27.	Program providing medicines to pensioners living in Batumi	----	----	384000	384000
28.	Program of burying of the neglected deceased people	12500	7500	9000	9000
29.	Study of population's social and economic situation	----	----	600000	----
30.	Tonsils operation treatment for socially unprotected children under 16 living in Batumi	----	----	----	----

Source: Ministry of Health Care and Social Protection of Ajara AR

Table 12. Target Programs in Health Care and Social Protection of Kobuleti Municipality (2006-2009)

N	Name of Program	Number of beneficiaries	Sum (GEL)
2006			
Social Programs			
1.	One-time material assistance		17000
2.	One-time material assistance for families with the 5 th , 6 th , 7 th , and more child		2150
3.	The Program "Assistance to Socially Unprotected Families" (supplying liquefied gas to the 1 st group blinds, sole single pensioners,		51693

	orphans missing both parents)		
4.	Canteen for the helpless		118517
	Programs for Veterans		
1.	Gas program		95755
2.	Phone program		4176
3.	Provision of public utility services		3120
4.	Provision of transportation		2500
5.	Medical rehabilitation resorts		5320
6.	Provision with rest homes and sanatoriums		4590
7.	Arranging remembrance holidays		11724
			316545
	2007		
	Social Programs		
1.	Program aimed at assisting participants of war and the families of those who were killed in the war, as well organizing holidays for them	99	11650
2.	Program of providing liquefied (natural) gas monthly to the veterans of war and armed forces, people equated to them, family members of those who were killed in the war, veterans of military forces and those who were deprived of patrons	885	73909,2
3.	One-time assistance program for those extremely poor families who suffered losses and need funds for burying their deceased family members.	213	31950
4.	Free of charge municipal canteen for socially unprotected layers of population	200	107213
5.	One-time material assistance for families with the 5 th , 6 th , 7 th , and more child	6	1450
			226172,2
	Healthcare Programs		
1.	Program of providing medicines and diagnostic examination services (unforeseen by the federal program) to socially unprotected population residing on the territory of municipality.		59000
			285172,2
	2008		
	Social Programs		
1.	Program aimed at assisting participants of war and the families of those who were killed in the war, as well organizing holidays for them	102	12750
2.	One-time assistance program for those extremely poor families who suffered losses and need funds for burying their deceased family members.	356	53400
3.	Free of charge municipal canteen for socially unprotected layers of population	230	120492
4.	One-time material assistance program for giving birth to the each 3 rd and next child	107	24600
5.	One-time material assistance program for the families who have 5 and more underage children (under 18)	50	25000
6.	Monthly assistance program for orphans missing both parents	22	11400
			247642
	Healthcare Programs		
	Program of assistance with medicines for chronically progressive diseases	111	18978
			266620
	2009		
	Social Programs		
1.	Program aimed at assisting participants of war and the families of those who were killed in the war, as well organizing holidays for them	80	9448

2.	Free of charge municipal canteen for socially unprotected layers of population	230	120612
3.	One-time material assistance program for giving birth to the each 3 rd and next child	114	25250
4.	One-time material assistance program for the families who have 5 and more underage children (under 18)	48	24000
5.	Monthly assistance program for orphans missing both parents	22	11950
	One-time material assistance program for the families of soldiers who were killed during the Russian aggression in August 2008	9	4500
	Healthcare Programs		195760
1.	Program of assistance with medicines for chronically progressive diseases	71	33937
			229697

Source: Ministry of Health Care and Social Protection of Ajara AR

Table 13. Target Programs in Health Care and Social Protection of Khelvachauri Municipality (2006-2009)

N	Name of Program	Number of beneficiaries	Sum (GEL)
	2006		
	Program of the veterans of war and armed forces, people equated to them, family members of those who were killed in the war, veterans of military forces and those who were deprived of patrons		
1.	Gas supply	-	87097
2.	Phone user charge	-	2050
3.	Public utility services	-	470
4.	Recreational and medical resorts	-	23400
5.	Free transportation	-	16000
6.	Rest homes and sanatoriums	-	48600
7.	Arranging remembrance holidays, rituals	-	32883
			210500
	Social Programs		
1.	One-time assistance	-	37000
2.	One-time assistance for large families	-	1500
3.	Assistance to 1 st group blind pensioners	-	37000
4.	Free canteen	-	114000
			189500
	Healthcare Programs		
1.	Epidemic supervision program	-	7789
2.	Malaria Program	-	5590
3.	Healthy life-style program	-	1020
	2007		
	Program of the veterans of war and armed forces, people equated to them, family members of those who were killed in the war, veterans of military forces and those who were deprived of patrons		
1.	Gas supply	-	119460
2.	Phone user charge	-	2574
3.	Public utility services	-	480
4.	Free transportation	-	9000

5.	Arranging remembrance holidays, rituals	-	13480
			144994
	Social Programs		
1.	One-time assistance to large families	-	1000
2.	Free canteen	-	48360
	2008		49360
	Program of the veterans of war and armed forces, people equated to them, family members of those who were killed in the war, veterans of military forces and those who were deprived of patrons		
	Arranging remembrance holidays, rituals	158	24600
			24600
	Social Programs		
1.	One-time assistance	-	45000
2.	One-time assistance for large families	45	24500
3.	Free canteen	90	48500
4.	One-time material assistance program for giving birth to the each 3 rd and next child	127	34000
5.	One-time material assistance for the families with a deceased member	-	10000
			162000
	Healthcare Programs		
	Program for chronically progressive diseases	57	17000
			17000
	2009		
	Program of the veterans of war and armed forces, people equated to them, family members of those who were killed in the war, veterans of military forces and those who were deprived of patrons		
1.	Arranging remembrance holidays	52	6900
			6900
	Social Programs		
1.	One-time assistance to large families	44	22500
2.	Free canteen	90	56000
3.	One-time material assistance program for giving birth to the each 3 rd and next child	129	33000
			111500
	Healthcare Programs		
1.	Program for chronically progressive diseases	53	25200
			25200

Source: Ministry of Health Care and Social Protection of Ajara AR

Table 14. Target Programs in Health Care and Social Protection of Qeda Municipality (2007-2009)

N	Name of Program	Number of beneficiaries	Sum (GEL)
	2007		
	Social Programs		
1	Free canteen	23	9840
2	One-time assistance	313	52603
3	Gas supply	292	28400
4	Phone user charge	60	1955

5	Public utility services	20	195
6	Free transportation	292	6272
7	Arranging remembrance holidays, rituals	78	9696
			108961
	2008		
	Social Programs		
1	Free canteen		23320
2	Arranging remembrance holidays, rituals		7748
3	For giving birth to the 3 rd and every next child		14400
4	5 and more children		15000
5	For socially unprotected families with a deceased member		8000
6	One-time financial assistance for extremely poor families		44000
	Healthcare Programs		
1	Provision with medicines of the patients suffering from chronically progressive diseases, epilepsy		16725
2	Ambulatory services for the population of Merisi community		5400
			134593
	2009		
	Social Programs		
1	Free Canteen	25	24191
2	Program for arranging remembrance days	27	2806
3	For the 3 rd and every next child	39	13800
4	5 and more children	28	14000
	Healthcare Program		
1	Providing the patients suffering from chronically progressive diseases, epilepsy with medicines	63	21808
2	Ambulatory services for population of Merisi community	-	11035
			87640

Source: Ministry of Health Care and Social Protection of Ajara AR

Table 15. Target Programs in Health Care and Social Protection of Shuakhevi Municipality (2007-2009)

N	Name of Program	Number of beneficiaries	Sum (GEL)
	2007		
	Social Programs		
1	Free medical program for socially unprotected	36	16 000
2	Providing the patients suffering from epilepsy and Parkinson's disease with medicines	117	4 200
3	Arranging remembrance holidays for participants of war, members of families of those who were killed in the war, and assistance	105	5000
4	Providing one-time material assistance to large families with 5 or more under age children (under 18)	54	3600
5	Supplying gas to veterans	270	32 240
6	Phone user charge for the veterans	78	2 780
			63820

	2008		
	Social Programs		
1	Program of free canteen for socially unprotected layer of population	42	29700
2	Providing the patients suffering from epilepsy and Parkinson's disease with medicines	68	9500
3	Arranging remembrance holidays for participants of war, members of families of those who were killed in the war, and assistance	36	7300
4	Material assistance for the 3 rd and every next newborn child	38	12300
5	Providing one-time material assistance to large families with 5 or more under age children (under 18)	47	23500
6	One-time assistance program for the extremely poor families who suffered losses and need funds for burying their deceased family members.	102	15700
7	One-time material assistance for the extremely poor population	312	15000
			113000
	2009		
	Social Programs		
1	Program of free canteen for socially unprotected layer of population	42	3800
2	Ambulance "03" services for the Shubli and Tskalsakari Communities		22800
3	Arranging remembrance holidays for participants of war, members of families of those who were killed in the war, and assistance	5	5000
4	Material assistance for the 3 rd and every next newborn child	55	19300
5	Providing one-time material assistance to large families with 5 or more under age children (under 18)	41	24000
			74900
	Healthcare Programs		
	Providing the patients suffering from epilepsy and Parkinson's disease with medicines	50	20000
			20000

Source: Ministry of Health Care and Social Protection of Ajara AR

Table 16. Target Programs in Health Care and Social Protection of Khulo Municipality (2007-2009)

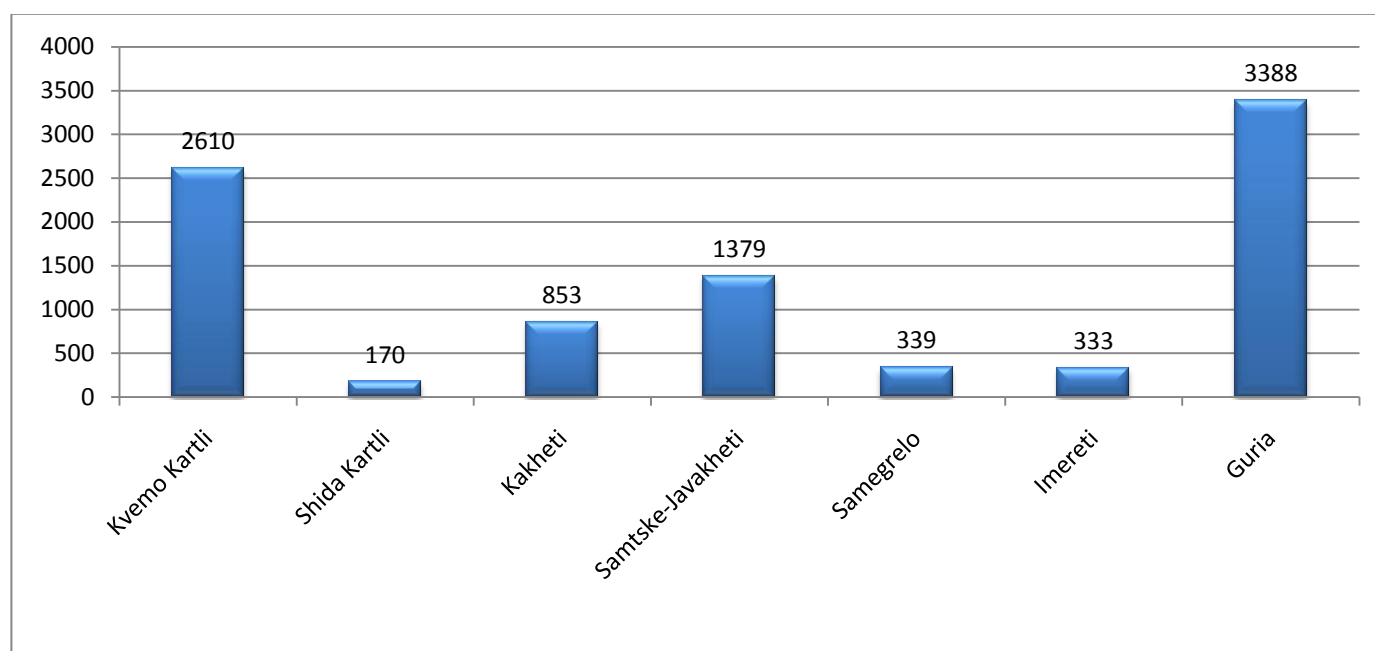
N	Name of Program	Number of beneficiaries	Sum (GEL)
	2007		
	Social Programs		
1	Target program of gas provision	335	47 615
2	Target program of provision of phone user charges	70	3 400
3	Target program of provision of public utility services	15	500
4	Target program of providing suburban and long distance (intercity) carriages of passengers	335	5500
5	Target program for arranging remembrance days, rituals and holidays	150	8 000
6	Program of free canteen for socially unsecured layers of populations	40	17 280
7	One-time assistance program for the 4 th and every next newborn child	-	3 000
			85295

	2008		
	Social Programs		
1	One-time material assistance program for large families with 5 or more under age (under 18) child	97	49000
2	Free municipal canteens for socially unsecured layers of population	40	28700
3	One-time material assistance program for the 3 th and every next newborn child	102	26300
4	Program of arranging remembrance days, rituals and holidays for the veterans of war and armed forces, family members of those who were killed in the war, and the ones who were deprived of patrons	310	10000
5	Material assistance program for economically poor families	450	45000
6	One-time material assistance target program for the extremely poor families who suffered losses and need funds for burying their deceased family members	52	20000
			179000
	Healthcare Programs		
1	Program of provision medicines for chronically diseased people	20	7000
			7000
	2009		
	Social Programs		
1	One-time material assistance program for large families with 5 or more under age (under 18) child	89	48500
2	Free canteen program for socially unsecured layers of population	40	37200
3	One-time material assistance program for the 3 th and every next newborn child	79	25000
4	Program of arranging remembrance days, rituals and holidays for the veterans of war and armed forces, family members of those who were killed in the war, and the ones who were deprived of patrons	327	13600
			124300
	Healthcare Programs		
1	Program of provision medicines for chronically diseased people	22	20000
			20000

Source: Ministry of Health Care and Social Protection of Ajara AR

12. Number of Population (Family) resettled in different regions of Georgia from mountainous regions of Ajara since 1989

Chart 7. Number of Population (Family) resettled in different areas of Georgia from mountainous regions of Ajara since 1989



Source: Ministry of Health Care and Social Protection of Ajara AR

13. There are 4135 families registered in the region who were affected by natural calamities. Among them 187 families belong to the 1st and the 2nd categories; (whose house or its part is ruined or inapplicable for living, and is not repairable).

The 3rd category includes 1 274 families; (whose house is damaged as a result of natural calamity, but is suitable for living. The house is repairable).

The 4th category includes 2 675 families; (whose house is suitable for living but adjacent area is damaged from natural calamities).

Table 17. Number of Families Affected by Natural Calamities in 2010

N	Municipality	1 st category	2 nd category	3 rd category	4 th category	Total
1	Khulo	5	49	551	1094	1699
2	Shuakhevi	3	33	326	516	877
3	Qeda	2	29	40	402	473
4	Khelvachauri	5	21	89	307	422
5	Kobuleti	13	27	268	356	664
		28	159	1274	2675	4135

Note: there are some families whose houses are not damaged, however according to geological reports they need to be removed to safer places.

Kobuleti – 40
 Khelvachauri – 26
 Qeda – 20
 Shuakhevi – 25
 Khulo – 38
 Total 149 families

14. 1804 internally displaced citizens received medical assistance within the program implemented by the **Ministry of Health Care and Social Protection of Ajara AR** in 2004. The total budget equalled to 58 011 GEL.

20 000 GEL was allocated for the Ministry of Labour, Health Care and Social Protection of Ajara AR for internally displaced persons and those affected by natural calamities. The budget of one-time assistance programs for those affected by natural calamities, as well as those who were resettled and internally displaced amounted to 156 228 GEL. The program budget aimed at improving ambulatory assistance by providing medicines to internally displaced persons and people affected by natural calamities amounted to 12 000 GEL in 2005.

The program of improving ambulatory assistance through provision of medicines and one-time material assistance to internally displaced persons was implemented in 2006 by the Ministry of Labour, Health Care and Social Protection with total budget of 116 600 GEL. 17 buildings out of 21 privatized by foreign investors under the “Big Privatization” implemented in the region of Ajara in 2006 were the buildings related to compact settlements of internally displaced persons. The amount equalling to 7000 USD equivalent GEL was determined as compensation to be paid to each of 1921 families for vacating the places they were living in. 90 000 GEL was allocated for ensuring the required transportation during the process of eviction of the internally displaced people and resettling them from Ajara to different regions of Georgia.

According to the figures of Ajara AR there are 4455 internally displaced people registered from Abkhazia. 328 families moved in organizational sector while 1520 in the private one.

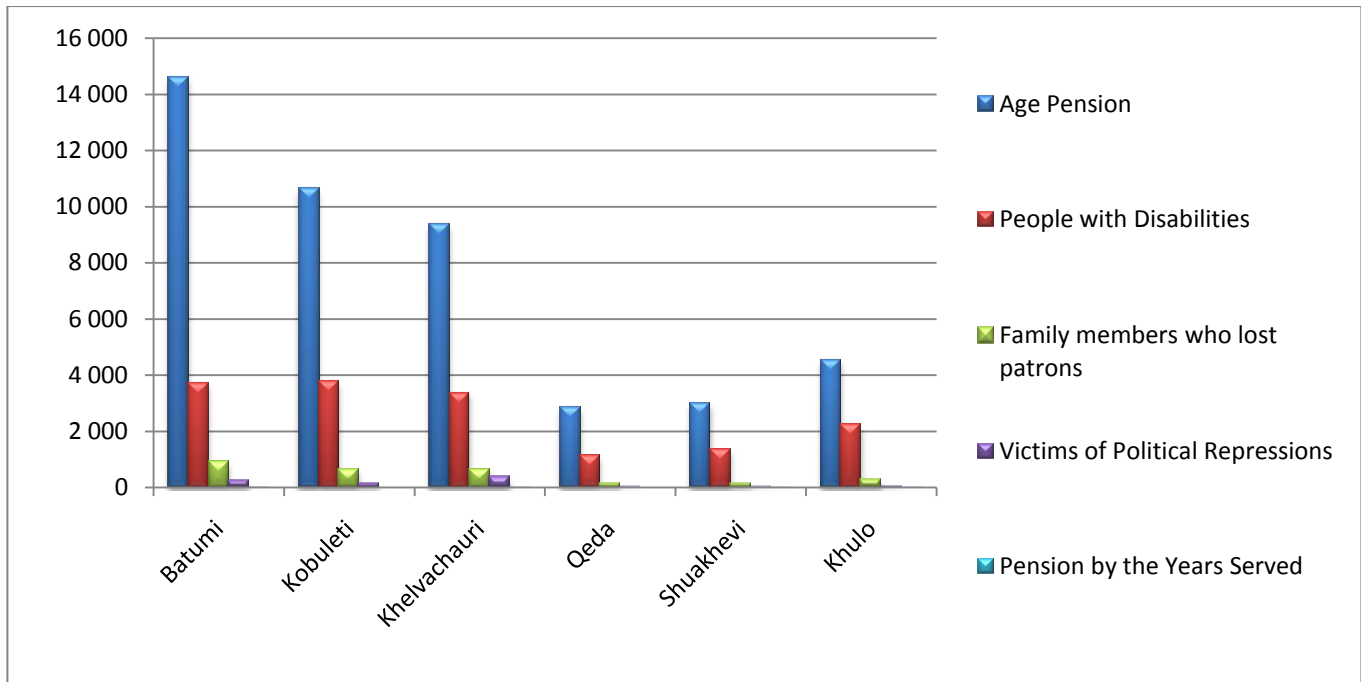
15. **There are 64 303 people receiving pension in Ajara.** 44985 people out of this number are age pensioners and 15 552 have disability problems. 30% of pensioners live in Batumi.

Table 18. Number of State Pension Beneficiaries, by types of pension (by July 2010)

Name	Age Pension	People with Disabilities	Family member with a lost patron	Victims of Political Repressions	Pension according to the years served	Total
Batumi	14 610	3 707	930	251	14	19 512
Qeda	2 857	1 140	161	29	-	4 187
Kobuleti	10 631	3 765	656	157	-	15 209
Shuakhevi	2 991	1 356	140	30	7	4 524
Khelvachauri	9 362	3 367	673	380	4	13 786
Khulo	4 534	2 217	288	41	5	7 085
Ajara	44 985	15 552	2 848	888	30	64 303

Source: Social Services Agency

Chart 18 Number of State Pension Beneficiaries, by types of pension (by July 2010)



Source: Social Services Agency

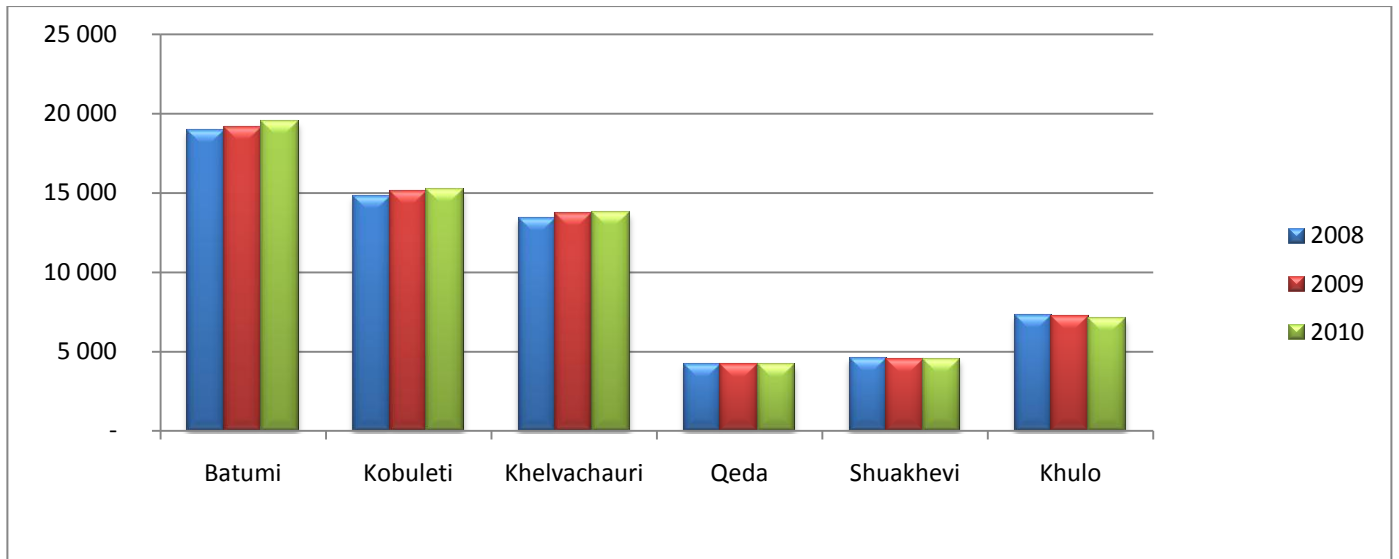
16. The total pension amount issued in July, 2010 equalled to 4 926 216 GEL.

Table 19. Total Sum of Pension to be issued each month, by types of pension (according to the figures of July, 2010)

Name	Age Pension	People with Disabilities	Family member with a lost patron	Victims of Political Repressions	Pension according to the years served	Total
Batumi	1 168 800	269 834	51 168	13 805	770	1 504 377
Qeda	228 560	81 613	8 855	1 595	-	320 623
Kobuleti	850 480	271 423	36 080	8 635	-	1 166 618
Shuakhevi	239 280	96 844	7 701	1 650	385	345 860
Khelvachauri	748 960	242 884	37 033	20 900	220	1 049 997
Khulo	362 720	157 651	15 840	2 255	275	538 741
Ajara	3 598 800	1 120 249	156 677	48 840	1 650	4 926 216

Source: Social Services Agency

Chart 9. Number of Pensioners, by Self-Government Entities (2008-2010)



Source: Social Services Agency

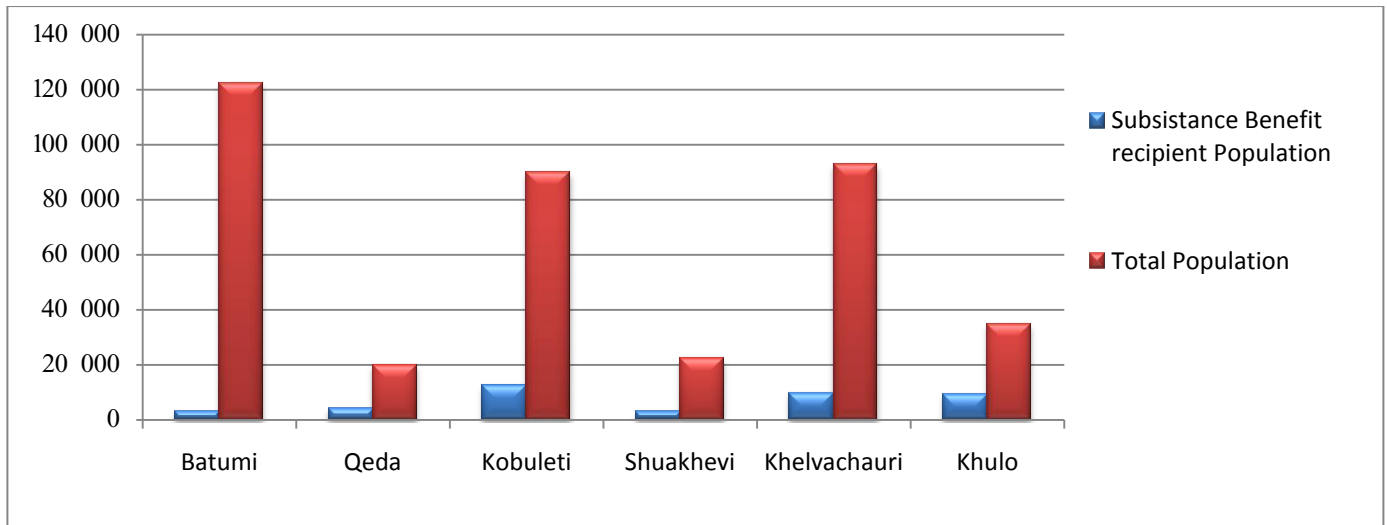
17. There are 42 177 people receiving subsistence benefits in Ajara as of July, 2010.

Table 20. Population getting subsistence benefits in Ajara, their share in total population and funds issued to them as of July, 2010

Name	Number of Population	Subsistence Benefit Recipient Population	Subsistence Benefit Recipient Share of Population in Total Population (%)	Number of Families Receiving Subsistence Benefits	Transferred to Subsistence benefit Recipient Families
Ajara AR	382 400	42 177	11	1 247	9 819
Batumi	122 500	3 270	2,7	901	3 209
Qeda	20 000	4 164	20,1	2 930	11 371
Kobuleti	89 800	12 558	14	665	3 342
Shuakhevi	22 300	3 085	13,9	2 243	10 405
Khelvachauri	92 800	9 753	10,5	1 905	5 205
Khulo	35 000	9 346	26,7	9 891	1 130 106

Source: Social Services Agency

Chart 10. Population getting subsistence benefits vs. total population of Ajara (July, 2010)



Source: Social Services Agency

18. There are 22 166 families under poverty threshold living in Ajara AR who are covered by health insurance policy.

Table 21. Number of health insurance policy beneficiaries (July, 2010)

Name	Insurance of population under poverty threshold		Medical Insurance of Orphan Children	Health Insurance for Public Actors, Artists and Rustaveli Prize Laureates
	Family	Population	Population	Population
Batumi	2 851	8 587	85	5
Qeda	2 248	10 796	1	-
Kobuleti	6 660	29 234	10	-
Shuakhevi	1 972	9 490	1	-
Khelvachauri	4 369	20 170	56	-
Khulo	4 066	19 859	1	-
Ajara	22 166	98 136	154	5

Source: Social Services Agency

*The total number of families includes only the beneficiaries of medical insurance of population under poverty threshold and those who are internally displaced.

SWOT Analysis for Health Care and Social Protection

<p><u>Strengths</u></p> <ul style="list-style-type: none"> - Good attitude from the government towards the field of health care and social protection, collaboration from the government in the process of reorganization; - Bringing health care sector under insurance coverage; - Facilitation of corporate insurance; - Assisting population under poverty threshold and issuing insurance policies to them; - Insuring teachers; - Providing high base education to specialists; - Health care service availability for certain social groups; - Development of health care infrastructure; - Increasing private investments in the field of health care; - Current political stability and low level of corruption; 	<p><u>Weaknesses</u></p> <ul style="list-style-type: none"> - Poor quality of medical services and economic efficiency (low technology medical services). - Poor use of necessary medical service; - Confidence to local medical personnel; - Lack of modern technical equipment; - Excessiveness of poor material and technical basis of medical institutions; - Excessive personnel; - Poor management; - Poor availability of medical services for marginal social groups; - Poor institutional basis; - Poor pension support; - Poor accessibility of medicines to population; - Limited possibilities of social assistance; - Insufficient development of private medical sector; - High ratio of social benefit recipients in total population; - Inexistence of regulations among health care entities; - Lack of population awareness;
<p><u>Opportunities</u></p> <ul style="list-style-type: none"> - Opportunities for personnel retraining, including abroad; - Prospects of attracting donors and investors; - Reducing unemployment and poverty; - Information transparency; 	<p><u>Threats</u></p> <ul style="list-style-type: none"> - Dawdling in determining status of health care entities and ownership forms; - Possible ignorance of certain population interests during the reform processes; - Price increase on medical services and medicines

STRATEGIC DIRECTIONS

1. Facilitation of medical infrastructure and service supply

- 1.1 Reorganization of hospital network, its goal oriented privatization and attraction of investments for rehabilitation of medical institutions, refurbishment of material and technical basis and provision of modern standard services to population;
- 1.2 Determining specializations of hospitals in the process of reorganization according to the needs of population; Preserving geographic availability of medical services in high-altitude mountainous regions, and identification of villages facing this problem together with the creation of first-aid medical products for them;
- 1.3 Working out ambulatory, stationary, hospital and preventive programs according to sicknesses and illnesses;
- 1.4 Organizing the supply of medical services to socially unprotected layers of population as well as pensioners free of charge and on favourable basis;
- 1.5 Facilitation of evolutionary development of small and medium capacity private medical services;
- 1.6 Facilitation of the creation of the first-aid health care centers by the government and improving quality of their services;
- 1.7 Promoting the development of medical tourism

2. Protection of Population Rights

- 2.1 Measuring population's level of satisfaction with medical services;
- 2.2 Establishing healthy life style;
- 2.3 Prevention of infectious and parasite diseases;
- 2.4 Management of epidemic supervision process and epidemic situations;

3. Improving Social Services

- 3.1 Facilitation of social rehabilitation for people with disabilities;
- 3.2 Facilitation of social rehabilitation for children with disabilities and their social integration;
- 3.3 Promotion of family-type children's houses for orphans and disabled children and their social integration;
- 3.4 Registration of homeless people (creation of night shelters);
- 3.5 Creation of social houses (retirement homes);
- 3.6 Improving social conditions for the internally displaced people and eco-emigrants. Estimating actual needs of the population under ecologic dangers and working out recommendations. Organizing their relocation to safer places, adaptation and integration environment, as well as construction of residential houses and social protection for them;
- 3.7 Integration of people living in highly densely populated villages of mountainous municipalities of Ajara into metropolitan areas for their decongesting purposes;
- 3.8 Construction of residential houses for eco-migrant families and their integration into Ajara metropolitan areas;
- 3.9 Stimulation of large families;

4. Program of facilitation of doctors' retraining and permanent medical education

- 4.1 facilitation of permanent professional education for the employed medical personnel;
- 4.2 Training of medical personnel on matters of urgent medical assistance;

5. Improvement of Insurance System

- 5.1 Healthcare insurance system facilitation;
- 5.2 Improvement of relations between insurance companies and medical institutions.

Chapter 9. Education, Culture and Sports

I. Education

1. All types of educational institutions are functioning in the field of education of Ajara AR.

Table 1. Number of Active Educational Institutions in Ajara AR in 2007-2009

Number of Active Institutions		2007	2008	2009
General Educational Institutions (Secondary Schools)	Total	255	259	260
	State Owned	236	236	235
	Private	19	23	25
Vocational Schools	Total	15	14	15
	State Owned	6	5	4
	Private	9	9	11
Higher School (Universities)	Total	2	2	4
	State Owned	2	2	2
	Private	0	0	2
Total		272	275	279

Source: Ministry of Education, Culture and Sports of Ajara AR

Table 2. Number of Students and Teachers Involved in General Educational Institutions of Ajara AR in 2007-2009

Sector	2007			2008			2009		
	School	Teacher	Student	School	Teacher	Student	School	Teacher	Teacher
Total	255	7 771	60 869	259	7 891	63 051	260	8 277	62 309
State Owned	236	7 158	56 549	236	7 234	57 844	235	7 441	56 161
Private	19	613	4 320	23	657	5 207	25	836	6 148

Source: Ministry of Education, Culture and Sports of Ajara AR

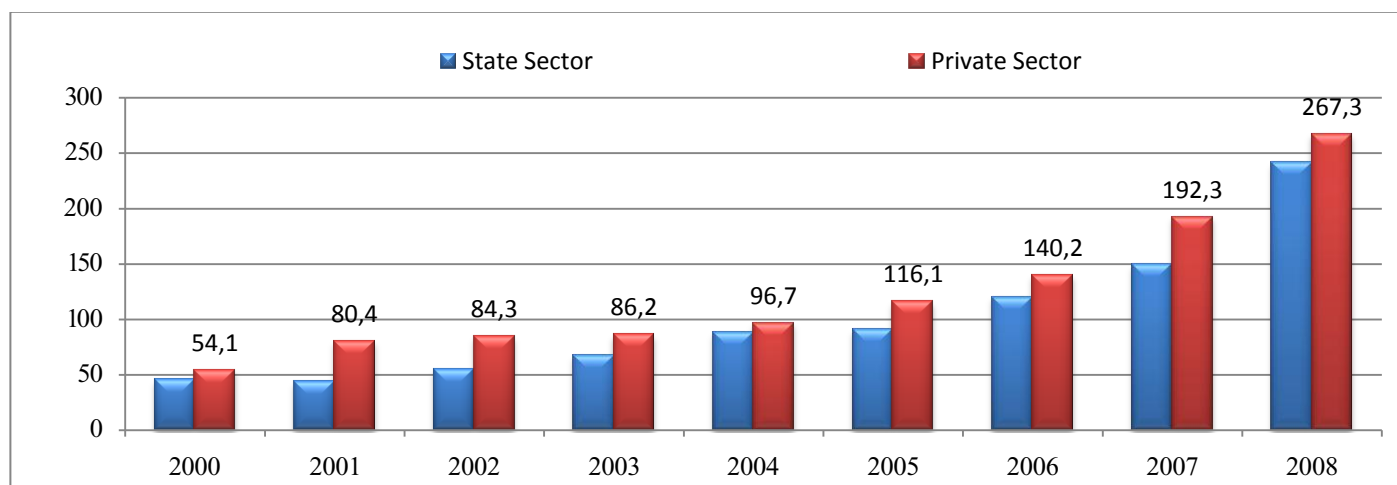
Table 3. Number of Students and Teachers Involved in High Educational Institutions of Ajara in 2007-2009

High School	2007		2008		2009	
	Lecturer-Teacher	Student	Lecturer-Teacher	Student	Lecturer-Teacher	Student
Total	1074	10928	836	5811	722	5877
State Sector	1074	10928	836	5811	651	5444
Private Sector	0	0	0	0	71	433

Source: Ministry of Education, Culture and Sports of Ajara AR

- In Ajara, average monthly salary of those involved in the field education in 2008 was 241.4 GEL in state sector and 267.3 GEL in private one. There are growth trends observed in the development of mentioned figures.

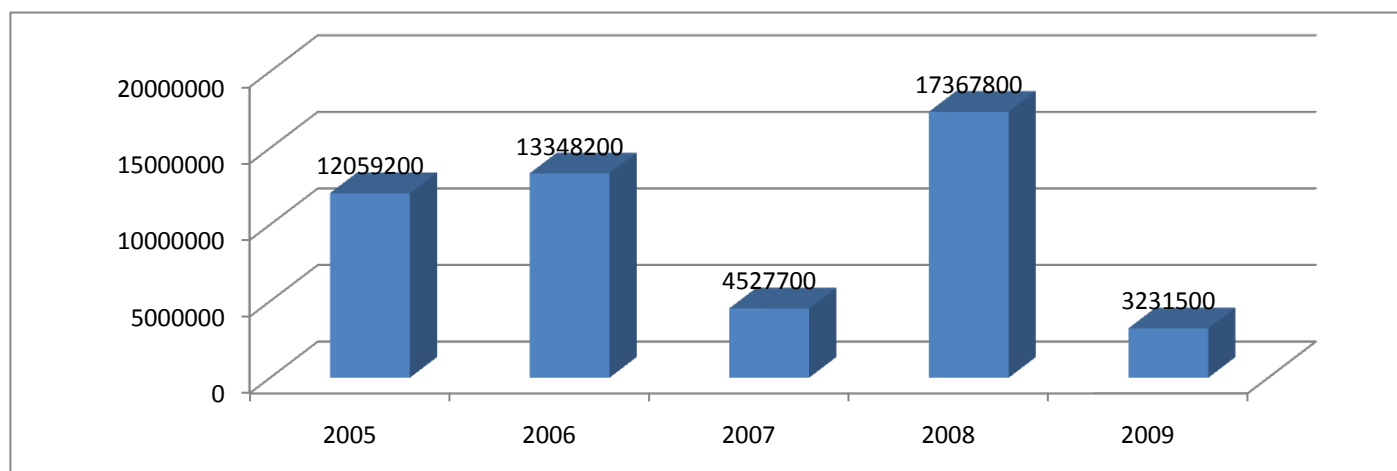
Chart 1. Average Monthly Salary of Personnel Hired in the Field Education of Ajara, by State and Private Sectors (2000-2009)



Source: National Statistics Office of Georgia

- 3 231 500 GEL investments were allocated from the Republic' budget in 2009 for the sector of education in Ajara AR which is a considerably reduced figure compared to 2008.

Chart 2. Investments made from the Republic's Budget of Ajara in the Sector of Education in 2005-2009 (GEL)



Source: Ministry of Education, Culture and Sports of Ajara AR

4. Students studying at state and private general educational institutions **located on the administrative territory of the Autonomous Republic of Ajara** are 56 161 and 6 148 respectively (2009).

Shifting education to a new system of financing (voucher-based funding at public and private educational institutions) promoted competitive environment among schools and resulted in number of new private educational institutions. The number of students at private schools also increased. The situation alike facilitates competitiveness. It seems reasonable to further stimulate private sector and make it interested to invest into the sector of education.

Based on the analyses of numbers of people employed in general state educational institutions, it becomes obvious that a big number of teachers, approximately 7 441 people (2009) are concentrated (employed) at public schools. It would be desirable to facilitate teacher's certification process in order to improve quality of education at public schools

Please, refer to Table 2 for the distribution of students and teachers by private and state general institutions.

Number of teachers employed at public schools of the Autonomous Republic of Ajara in 2009 equalled to 7 441, including 987 pension-age teachers and 751 non-specialists.

Table 4. Number of Teachers at Public Schools of the Autonomous Republic of Ajara, including Pension-Age Teachers and Non-specialists by Municipalities (2009)

Name	Number of Teachers	Including Pension-Age Teachers	Including Non-Specialists
Batumi	1611	236	47
Kobuleti	662	187	176
Khelvachauri	850	219	104
Qeda	1035	121	131
Shuakhevi	1613	107	137
Khulo	1630	117	156
Total	7401	987	751

Source: Ministry of Education, Culture and Sports of Ajara AR

5. "The Concept of Professional Education in Georgia" was approved **by the decision N150 of the Government of Georgia from 31 August, 2005, and** the "Law on Professional Education" was adopted by the Parliament of Georgia on 28 March, 2007. At the same time, based on these normative acts, "The Concept of Optimization of and Functional Reforms at Primary and Secondary Professional Educational Institutions on the Administrative Territory of the Autonomous Republic of Ajara" has been worked out by the Ministry of Education, Culture and Sports of the Autonomous Republic of Ajara.

Practical implementation of reorganization and optimization processes at professional educational institutions started in 2007, which resulted in the formation of the following institutions:

- the Kobuleti Professional Education Center
- the Batumi Professional Education Center N1
- the Batumi Professional Education Center N2

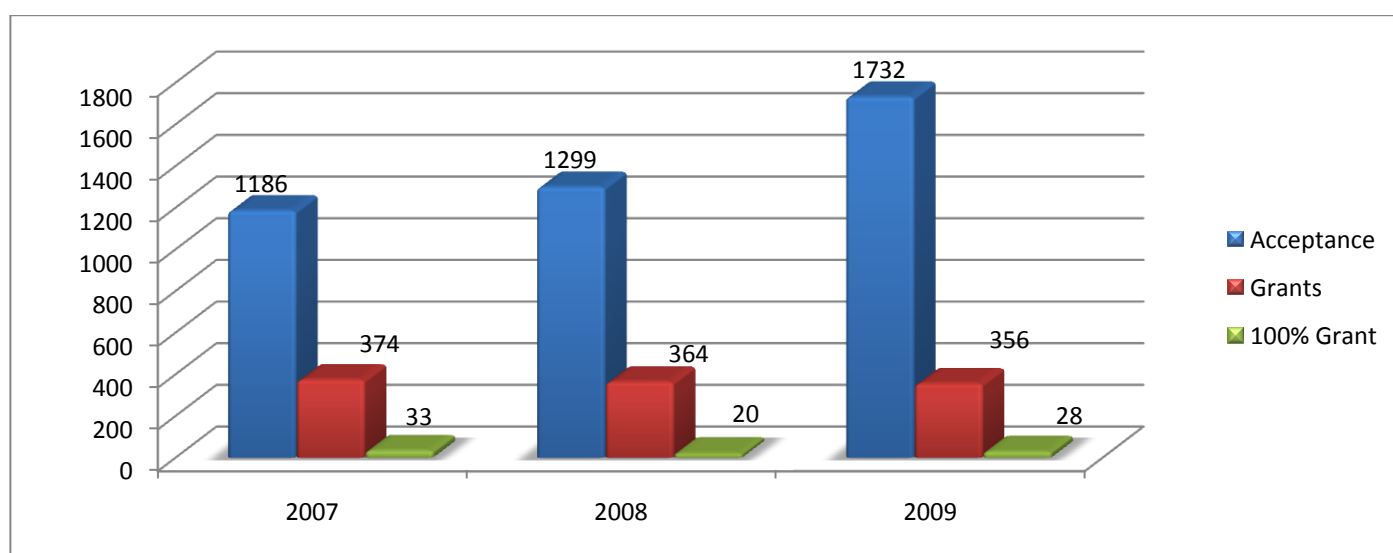
The Batumi Professional Education Center N1 and the Batumi Professional Education Center N2 were merged in 2010.

In the given phase of professional education development it is reasonable to make following steps:

- Conforming educational programs of vocational schools to the needs of labour market;
- Developing infrastructure;
- Making private sector interested and involved in students' on-site trainings;

6. **The number of students accepted in high educational institutions of Ajara AR** was increasing in 2007-2009, and the number of grants, especially 100% grants, awarded within the same period was decreasing. It becomes reasonable to strengthen education in hard and natural sciences by equipping schools with modern laboratories and visualization tools, and establishing specialized schools.

Chart 3. Number of Students Accepted at High Educational Institutions of Ajara AR, and Grants Taken in 2007-2009



Source: Ministry of Education, Culture and Sports of Ajara AR

Table 5. Students Accepted at High Educational Institutions of Ajara AR, by Municipalities (2007-2009)

City/Municipality	2007			2008			2009		
	Accepted	Grants	100% Grant	Accepted	Grants	100% Grant	Accepted	Grants	100% Grant
Khelvachauri	308	45	0	126	18	0	403	56	2
Qeda	135	10	1	80	36	1	128	24	2
Shuakhevi	74	18	0	66	18	0	147	18	0
Khulo	35	12	0	91	19	0	177	29	1
Kobuleti	134	64	3	302	81	3	322	45	4
Batumi	500	225	29	634	192	16	555	184	19
Total	1186	374	33	1299	364	20	1732	356	28

Source: Ministry of Education, Culture and Sports of Ajara AR

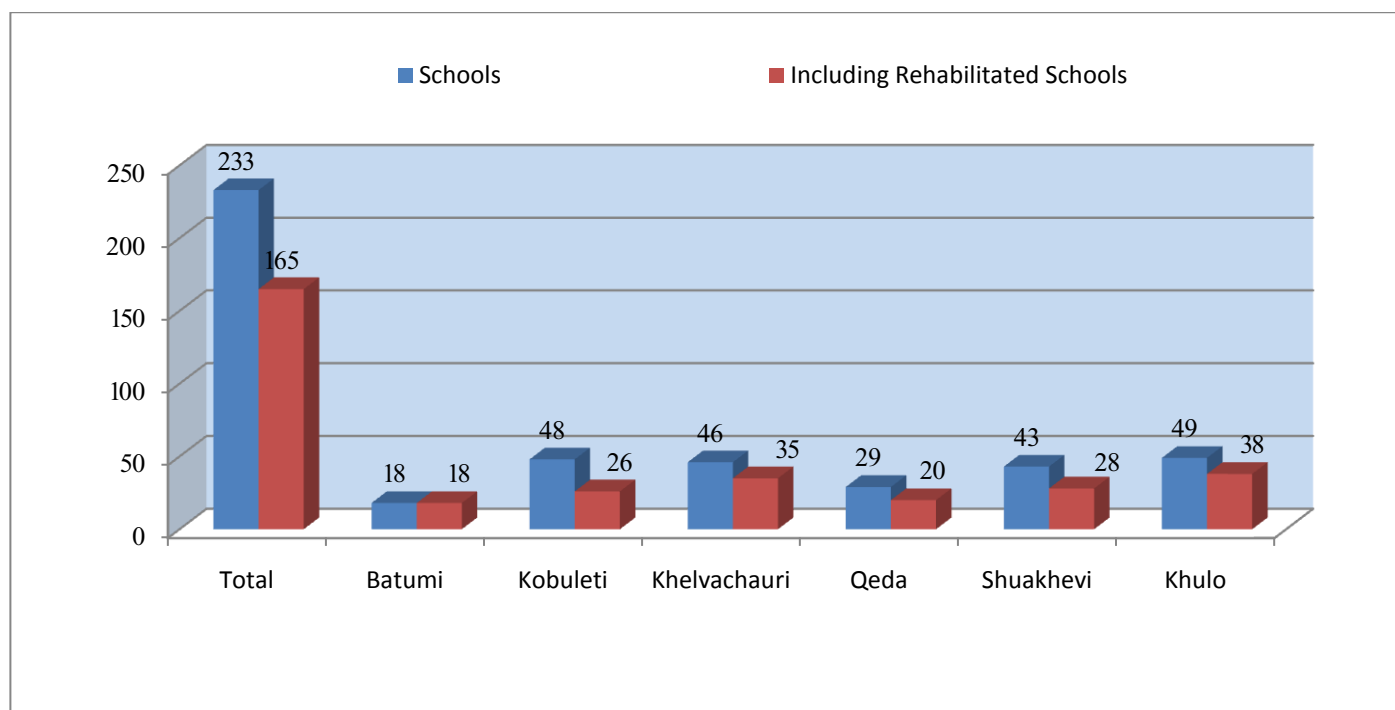
Table 6. Target Programs Implemented in Ajara AR in the Field of Education in 2005-2009 (GEL)

N	Name of Program	2005	2006	2007	2008	2009
1	Target Programs of Construction and Rehabilitation of Public Schools on the Administrative Territory of the Ajara AR	10944 761	11 276 419	1 157 367	13 281 705	1 187 241
2	Program aimed at Improving homeless children's Conditions	28 471				
3	Program of Awards for the Unusually Talented and Successful Students	10 000				
4	Scholarships for Successful Students	55 400				
5	Program encouraging Scientific and Literary Publications	47 962				
6	Purchasing the Computers for Secondary Schools	149 439				
7	Program for General Schools aimed at Preparing Students for a New Academic Year and Providing Textbooks for them	964 986				
8	Purchasing Textbooks for the II-IV grade Students of General Schools		275 646			
9	Target Program aimed at co-financing of the Batumi Public Schools in order to provide necessary accessories for them		870 944			
10	Subsidizing Internet Availability at Public schools		20 000			
11	Program for Studies at High Educational Institutions abroad		70 294	96 015	96 118	99 500
12	Subsidizing Uniform Purchases for I-IV Grade Students of General Schools		799 479	605 651	877 487	703 122
13	Target Program aimed at Providing accessories needed for Regional Public Schools			925 665	577 471	416 160
14	The Program called "New School-New Library" Ensuring Textbooks for Pilot Classes of Public Schools				2 631 053	925 000
15	Program of Rehabilitation of Material and Technical Basis of Schools/Boarding Schools Located on the Administrative Territory of the Ajara AR					818 446
	Total	12201 019	13312 782	2784 698	17463 834	4149 469

Source: Ministry of Education, Culture and Sports of Ajara AR

7. **In total 165 schools, or 70.8% of all schools, were rehabilitated in Ajara AR in 2005-2010 within the “Target Program of Rehabilitation of Public Schools” of the Ministry of Education, Culture and Sports of Ajara AR.** All public schools in Batumi are included in the number. The amount of 42 064 267 GEL was allocated for rehabilitation purposes during these years.

Chart 4. State Schools Available in the Autonomous Republic of Ajara, including the Rehabilitated ones, by Municipalities as of 2010



Source: Ministry of Education, Culture and Sports of Ajara AR

Table 7. Preschool Educational Institutions in the Autonomous Republic of Ajara, by Municipalities in 2007-2009

Name	2007				2008				2009			
	Number	Employees	Pupils	Budget	Number	Employees	Pupils	Budget	Number	Employees	Pupils	Budget
Total	35	778	3904	1 997 647	36	876	4 443	6 898 866	57	1 209	5679	4 893 918
Batumi	22	547	2832	1 490 361	22	599	3 235	2 291 051	22	617	3 585	2 893 449
Kobuleti	5	73	410	188 013	6	99	480	410 400	10	188	719	582 865
Khelvachauri	4	88	462	79 873	4	107	514	3 953 640	8	182	752	770 570
Qeda	2	34	90	83 333	2	34	95	120 267	7	92	230	259 417
Shuakhevi	1	14	35	22 600	1	14	44	44 638	5	55	143	241 395
Khulo	1	22	75	133 467	1	23	75	78 870	5	75	250	146 222

II. Culture

Table 8. Number of Organizations in the Field of Cultural of the Region of Ajara, Budget and Dynamics of Consumers' Numbers in 2008-2009

Type of Organization	2008				2009				2010 (Plan)			
	Number	Number of Employees	Budget (GEL)	Number of Consumers	Number	Number of Employees	Budget (GEL)	Number of Consumers	Number	Number of Employees	Budget (GEL)	Number of Consumers
Museums	4	132	343390	14329	4	137	695400	21798	4	141	421100	8688
Museums within Culture Centers	12	31	59720	17147	12	31	59720	18422	12	34	70740	20171
Cultural Centers	5	376	1066437	3800	5	376	1123635	2055	5	368	1026416	1820
Cultural Institutions	6	597	3644617	22916	6	603	2792724	22520	6	603	2534300	14431

Source: Ministry of Education, Culture and Sports of Ajara AR

Table 9. Target Cultural Programs Financed form the Budget of Ajara AR in 2007-2008 (GEL)

#	Name of Program	2007	2008
1	Target Program of Rehabilitation of Arch Bridges (Tamari) Located on the Administrative Territory of the Ajara AR	34 660	276 769
2	Providing Stage Costumes for Creative Teamwork	143 615	–
3	Providing Musical Instruments for Creative Teamwork	–	43 600
4	Events Dedicated to 100 th Anniversary of the Establishment of Khariton Akhvlediani Museum of Ajara	–	5000
5	Educational and Informational Project for Students “What a Treasure We have had”	–	5000
	Total:	178 275	330 369

Source: Ministry of Education, Culture and Sports of Ajara AR

Table 10. Cultural Events Financed form the Budget of Ajara AR in 2007-2010

Name	2007	2008	2009	2010 (plan)
	Funding (GEL)	Funding (GEL)	Funding (GEL)	Funding (GEL)
Cultural Events	202385	317450	399784	562000

Source: Ministry of Education, Culture and Sports of Ajara AR

III. Sports

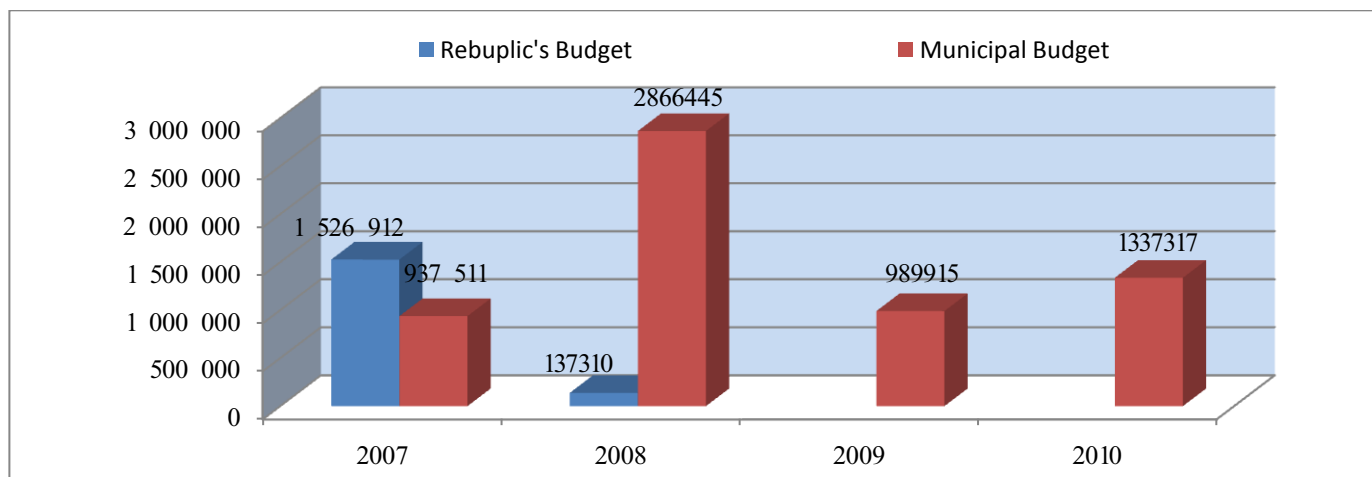
8. Growth trends were observed in the funding of sports target programs in 2009-2010 from the budget of Ajara AR. Financing from the municipal budget amounted to 1 337 317 GEL in 2010, which is 35.1% higher than in previous year;

Table 11. Investments made in Sports in Ajara AR in 2007-2010 (GEL)

Name	2007		2008		2009		2010	
	Republic's Budget	Municipal Budget	Republic's Budget	Municipal Budget	Republic's Budget	Municipal Budget	Republic's Budget	Municipal Budget
Batumi	918472	589600	41100	516800	–	455800	–	763329
Kobuleti	429709	800	21380	1700	–	1300	–	660
Khelvachauri	181431	297061	10690	375664	–	233314	–	116434
Qeda	–	9290	21380	888209	–	267000	–	150100
Shuakhevi	–	34910	21380	628025	–	8311	–	–
Khulo	–	5850	21380	456047	–	24190	–	306794
Total	1529612	937511	137310	2866445	–	989915	–	1337317

Source: Ministry of Education, Culture and Sports of Ajara AR, Self-government Entities.

Chart 5. Investments in Sports Financed from the budget of the Republic and Municipalities of Ajara AR in 2007-2010



Source: Ministry of Education, Culture and Sports of Ajara AR, Self-government Entities.

Table 12. Sports Federations in the Autonomous Republic of Ajara and Activities Financed from the Budget of the Republic (2007-2010)

Name	2007		2008		2009		2010 (Plan)	
	Number	Funding (GEL)	Number	Funding (GEL)	Number	Funding (GEL)	Number	Funding (GEL)
Sports Federations	22	177 465	21	194 250	26	300 000	33	380 000

Source: Ministry of Education, Culture and Sports of Ajara AR

Table 13. State Sports Schools in the Autonomous Republic of Ajara (2007-2010)

Name	2007		2008		2009		2010 (Plan)	
	Number	Number Employed	Number	Number Employed	Number	Number Employed	Number	Number Employed
Sports Schools	6	183	6	205	6	216	6	291

Source: Ministry of Education, Culture and Sports of Ajara AR

Table 14. State and Private Sports Schools vs. Sports Clubs in the Autonomous Republic of Ajara (2010)

Name	Number	Number Employed	Number of Trainers	Number of Sportsmen	Funding (GEL)
State Sports Schools	6	272	196	1360	1 842 300
Private Sports Clubs	11	168	17	477	-

Source: Ministry of Education, Culture and Sports of Ajara AR

Table 15. Target Programs Financed from the Budget of the Autonomous Republic of Ajara aimed at Sports (2006-2008)

N	Name of Program	2006	2007	2008
1	Capital Repairs of Sports Schools and Bases	822 562		
2	Building Sports Grounds in Region Wide	193 875		
3	Subsidizing Republican Sports Schools, Purchasing Sports Items	56 161		
4	Target Program of Sports Infrastructure Rehabilitation in the Autonomous Republic of Ajara		1 529 612	
5	Purchasing of Sports Wrestling Mats			137 310
	Total	1 072 598	1 529 612	137 310

(GEL)

SWOT Analysis for Education, Culture and Sports

<p><u>Strengths:</u></p> <ul style="list-style-type: none"> - Current Educational Reform in the Country; - Existence of the Ministry of Education, Culture and Sports of the Ajara AR; - Active participation of the Government of Ajara in the development of the sphere of education, culture and sports; - Public support towards the reforms; - Availability of financial resources; - Transparent and accountable system of management; 	<p><u>Weaknesses:</u></p> <ul style="list-style-type: none"> - Ineffective management of educational, cultural and sports institutions; - Poor competitive environment; - Incomplete single information database; - Imperfect legislative basis in the field of culture and sports; - Compliance of services to market needs; - Unqualified and insufficient human resources; - Poor education and its incompatibility with international standards; - Poor interest towards vocational education and certain specialties; - Inadequate interest of youngsters towards sports and culture; - Lack of investments in the fields of sports and culture;
<p><u>Opportunities:</u></p> <ul style="list-style-type: none"> - Investments growth in education, culture and sports; - Holding of and participation in interesting cultural and sports events; - Adopting educational system with labour market needs; - Establishment of goal-oriented management system; - Strengthening of international relations; - Collaboration with non-governmental sector and donors; 	<p><u>Threats:</u></p> <ul style="list-style-type: none"> - Instability of educational, cultural and sports policy; - Possible deterioration of economic stability and decrease of investments; - Leakage of qualified personnel;

STRATEGIC DIRECTIONS

1. Education

1.1. Securing Regional Needs-Oriented Higher Education

- 1.1.1. Working out and implementation of a specific financial model for attracting students to deficient specialties;
- 1.1.2. Working out and adoption of effective model of students' training;
- 1.1.3. Providing preferences to private higher educational institutions once the specialties deficient to the region are developed;
- 1.1.4. Facilitation of the development of infrastructure and program support for regional higher educational institutions;
- 1.1.5. Assessment of needs;

1.2. Securing Labour Market-Oriented Vocational Education

- 1.2.1. Conforming training colleges to labour market needs;
- 1.2.2. Strengthening of collaboration between training colleges and industrial sector establishing students' training model;
- 1.2.3. Providing preferences to private training colleges once the specialties deficient to the region are developed;
- 1.2.4. Improvement of infrastructure of training colleges;
- 1.2.5. Assessment of needs;

1.3. Facilitation of General Education Quality Improvement;

- 1.3.1. Promotion of hard and natural sciences development;
- 1.3.2. Elaboration and implementation of contest programs;
- 1.3.3. Infrastructural development;
- 1.3.4. Promotion of teachers' certification;
- 1.3.5. Principals' selection contests
- 1.3.6. Promotion of reforms going on in the field of education;
- 1.3.7. Assessment of needs;

1.4. Facilitation of Continuous Education

- 1.4.1. Free computer and language courses for population of Ajara;
- 1.4.2. Improvement of infrastructure;
- 1.4.3. Assessment of needs;

2. Culture and Monument Protection

2.1. Improved Legislation Basis

- 2.1.1. Formation of working groups;
- 2.1.2. Drafting law;
- 2.1.3. Presentation to/discussion with the public and interested people;

2.2. Strengthened Human Resources and Improved Management of Cultural Institutions

- 2.2.1. Assessing employees' abilities and based on findings - capacity building;
- 2.2.2. Working out plan for personnel's professional development and ensuring availability of educational resources;
- 2.2.3. Elaboration of the system of individual job description for employers;

- 2.2.4. Improvement of coordination among cultural institutions;
- 2.2.5. Planning and implementation of trainings, seminars, and master classes based on assessment of needs of employees;
- 2.2.6. Inviting local and foreign experts and holding working meeting;

2.3. Creation of a Single Information Database

- 2.3.1. Creation of a single database for protected monuments of cultural heritage, and registration.
- 2.3.2. Creation of a single database of the items protected at the museums located in Ajara;
- 2.3.3. Creation of a single database of cultural institutions located in Ajara;
- 2.3.4. Ensuring the accessibility to the created single database via internet;
- 2.3.5. Updating the information database regularly;

2.4. Development of Infrastructure

- 2.4.1. Situational analysis of the material and technical bases of museums, state groups, cultural centers, and theatres and their improvement following the results;
- 2.4.2. Creation of new cinemas and museums and their re-equipment with modern technologies;
- 2.4.3. Creation of tourism infrastructure around fixed monuments of cultural heritage
- 2.4.4. Assessment of needs

2.5. Popularization of the Culture of Ajara

- 2.5.1. Implementation of international projects in the field of culture;
- 2.5.2. Facilitation of participation in international events;
- 2.5.3. Adoption and implementation of educational projects at cultural institutions of Ajara;
- 2.5.4. Printing and distribution of information materials;

3. Sports and Youth

3.1. Improvement of Legislative Basis

- 3.1.1. Formation of working groups;
- 3.1.2. Drafting law;
- 3.1.3. Presentation to/Discussion with the society and interested people;

3.2. Popularization of Sports and Healthy Life-Style

- 3.2.1. Working out incentives scheme;
- 3.2.2. Development of infrastructure;
- 3.2.3. Holding of local and international sports events;
- 3.2.4. Professional Development of trainers;

3.3. Development of Professional Sports

- 3.3.1. Working out incentives scheme;
- 3.3.2. Development of infrastructure;
- 3.3.3. Holding of local and international sports events;
- 3.3.4. Professional Development of trainers;

3.4. Promotion of Youth Initiatives

- 3.4.1. Elaboration and implementation of youth projects;
- 3.4.2. Promotion of informal and civil education;
- 3.4.3. Information support for current projects;
- 3.4.4. Active communication with higher educational institutions, donor organizations and youth oriented nongovernmental sector;

Education, Culture, Sports

1. Facilitation of competitiveness of human resources in the region;
2. Promotion of cultural development, protection/popularization of monuments of cultural heritage;
3. Encouragement of sports- and youth-related development;
4. Institutional development of the Ministry of Education, Culture and Sports;

CONCLUSIONS

Strategic Directions of Regional Development of the Autonomous Republic of Ajara by Sectors:

Demography and Labour Market

- 1) Development of the Employment Infrastructure
- 2) Perfection of Educational System (labour market-oriented)
- 3) Creation of New Workplaces
- 4) Improvement of Social Protection System
- 5) Establishment of Positive Social Environment within the Society

Tourism

- 1) Improvement of Transport Infrastructure, Increasing the Availability of Ajara
- 2) Increasing the Recognisability of the Region of Ajara, “PR”
- 3) Prolongation of Tourism Season, Adoption of New Tourism Products
- 4) Increasing the Competitiveness of Services in Tourism
- 5) Protection of Tourism and Resort Resources and the Environment
- 6) Activation of Financial and Economic Tools to Facilitate Tourism Development

Agriculture

- 1) Facilitation of Efficient Use of Agricultural Lands
- 2) Steps and Programs to be Taken and Implemented in Order to Ensure Intensified Production
- 3) Increasing the Quality of Agricultural Education
- 4) Facilitation of the Development of Agricultural Infrastructure
- 5) Improvement of Food Safety and Quality Assurance, as well as Veterinary and Plant Protection

Construction

- 1) Raising the level of Education in the Construction Sector and Improving Employers' Qualification
- 2) Legislative Initiative Aimed at Introducing Compulsory Insurance in Construction
- 3) State Support of Construction Business
- 4) Improvement of Quality Management and Control Systems in Construction
- 5) Ensuring Publicity of Urban Development Process and Protection of Urban Heritages;
- 6) Perfection of Activities of State Bodies in the field of Urban Development
- 7) Elaboration of Spatial and Territorial Planning Documentation for the Autonomous Republic of Ajara, Municipalities, and Settlements
- 8) Perfection of State Policy about the Development of City Industry

Environmental Protection and Natural Resources

- 1) Measures aimed at Improving Quality of Drinking Water and Surface Fluids
- 2) Measures aimed at Improving Atmospheric Air Quality
- 3) Overcoming the Environmental Problems related to the Utilization of Natural Resources
- 4) Measures to be Taken in Waste Management
- 5) Measures to be Taken for Rational Utilization of Land Resources
- 6) Measures to be Taken for Utilization of Forest Resources
- 7) Measures to be Taken in Order to Avoid Pollution of the Black Sea
- 8) Measures to be Taken in order to Protect Biodiversity
- 9) General Environmental Protection Measures

Industry

- 1) “Wrapping up” of Industrial Potential of State Ownership and Advertising it among Various
- 2) Industrial Cycles to make them interested in Implementation of Infrastructural Measures Facilitating Industrial Development and Promotion of the Adoption of Technological Innovations in the Production Process
- 3) Formation of Industrial Business Incubators
- 4) Promotion of the Process of Free Industrial Zone Creation

Transport

- 1) Rearrangement of Sustainable Urban Transport Infrastructure
- 2) Construction of a By-pass Transit Road
- 3) Qualitative Improvement of the Road from Batumi to Akhaltsikhe
- 4) Improvement of the Quality of Roads Accessing Rural Areas
- 5) Removal of Railway from Coastline Area
- 6) Creation of Lanes for Biking on Main Roads of Ajara, Especially in Cities and Dabas (small town)
- 7) Development of Ecologically Safe Transport Infrastructure (subway, trams)
- 8) Setting up of small docks (“marina”)

Telecommunication

- 1) Ensuring Maximum Internet Availability in the Region

Public Utility Services

- 1) Modernization of Public Utility Infrastructure
- 2) Ensuring Natural Gas Supplies to the Whole Region
- 3) Full Rehabilitation of Water Supply and Sewerage Systems Existed in the Region, and Construction of New ones
- 4) Measures to Ensure Individual Metering Throughout the Whole Region.

Healthcare

- 1) Facilitation of Medical Infrastructure in the Region
- 2) Regulation of Medical Healthcare Services
- 3) Development of Preventive Medicine Infrastructure
- 4) Improvement of Social Services
- 5) Program of Facilitation of Physicians’ Training and Continuous Education
- 6) Perfection of Insurance System

Education, Culture and Sports

- 1) Speeding up the Reforms going on in Educational
- 2) Regulation of Education Quality
- 3) Institutional Development of the Ministry of Education, Culture and Sports
- 4) Improvement of Management of Educational, Cultural and Sports Institutions
- 5) Strengthening Administrative Resources
- 6) Diversification of Sources of Funding
- 7) Improvement of Information database and legislation
- 8) Rehabilitation of Infrastructure
- 9) assurance and Popularization of the Compliance of Education, Culture and Sports with International Requirements

Main Values of Ajara's Development:

- Health
- Safety
- Freedom
- Clean Environment
- Stable Economic Growth
- Developed Infrastructure
- High Living Standards
- High Quality of Education and Culture
- Pleasant Recreation and Entertainment

Main Threats to Ajara's Development:

- Economic Instability
- Unstable Provision of Food-Stuff
- Insufficient Utilization of Natural Resources
- Environmental Pollution
- Climate Changes
- Passiveness of Self-Government Entities in the Development of the Region;
- Passiveness of Civil Society in the Development of the Region;

PRIORITIES OF REGIONAL DEVELOPMENT OF AJARA:

Priority N1

Strengthening of Economic Security of Ajara

- Objective 1.1. Development of Renewable Energy Sector (followed by export of electricity power) – small hydro power plants, wind and solar energy utilization
- Objective 1.2. Modernization of Roads. Rehabilitation of roads in Batumi and Kobuleti, by-pas autobahn, road rehabilitation on Batumi-Akhhaltsikhe section, connection roads between villages, roads of touristic importance
- Objective 1.3. Increasing of competitiveness of human resources. Development of system of education, studying of foreign languages
- Objective 1.4. Facilitation of small and medium businesses. Creation of business incubators. Establishment of the Ajara Development Fund which will provide preferential credits, subsidies and co-finances in order to ensure the development of small business in Ajara
- Objective 1.5. Creation of regional innovation systems. Facilitation of investment innovations. Implementation of innovative projects
- Objective 1.6. Modernization of traditional sectors of the economy
- Objective 1.7. Improvement of attractiveness of the region for investments. Creation of free industrial zones. Introduction of tax benefits
- Objective 1.8. Supporting, arranging and developing of poorly developed areas. Raising of living standards in rural areas
- Objective 1.9. Carrying out institutional reforms in the Government of Ajara. Strengthening the role of self-governments, Improvement of the system of state revenue distribution. Improvement of the system of Management of Batumi
- Objective 1.10. Qualitative improvement of environmental conditions, increasing public's environmental protection awareness, rational management of natural resources

Priority N2

Development of Ajara as a Highest-Class Destination for Tourism

- Objective 2.1. Diversification of tourism infrastructure by servicing wide variety of different class tourists
- Objective 2.2. Protection tourism and resort resources and the environment. Preservation of coastline and implementation of development projects. Establishment of high class beaches. Rehabilitation of monuments of cultural heritage
- Objective 2.3. Adoption of new tourism products. Development of ecotourism, agricultural tourism and rural tourism. Construction of “marinas” (small docks), Promotion of wind-surfing and yachting. Development of skiing resorts.
- Objective 2.4. Establishment of sanatoriums and rehabilitation centers. Development of tourism infrastructure adjacent to thermal and mineral water streams as well as other places. Development of medical tourism
- Objective 2.5. Improvement of transport infrastructure, increasing of accessibility to Ajara, Opening of new flights. Modernization of the Batumi Port
- Objective 2.6. Growth of tourism infrastructure and quality. Securing safe and attractive recreational environment
- Objective 2.7. Development of sports infrastructure. Stadiums, Sports Palace, Skating Palace, and etc.

Priority N3

Development of Metropolitan Areas of Ajara (Batumi and Kobuleti)

- Objective 3.1. Adjustment of transport infrastructure in Batumi and Kobuleti. Development of roads, traffic lights, pedestrian crosswalks, ecologically safe means of transport infrastructure. Expanding the number of parking spots.
- Objective 3.2. Adjustment of taxi and other transport services. Provision of transports for rent
- Objective 3.3. Modernization of public utility service systems. Full gasification. Adoption of energy saving technologies. Shutting down old dumping places and creation of new dumping sites with modern technologies.
- Objective 3.4. Facilitation of the development of supermarkets and trade centers
- Objective 3.5. Protection and development of parks, attractions, museums, and cultural monuments. Further development of the boulevard, and improvement of boulevard maintaining infrastructure
- Objective 3.6. Rehabilitation of old buildings
- Objective 3.7. Preservation and Development of spatial order
- Objective 3.8. Development of shelters for socially unprotected people
- Objective 3.9. Development of a third metropolitan zone