

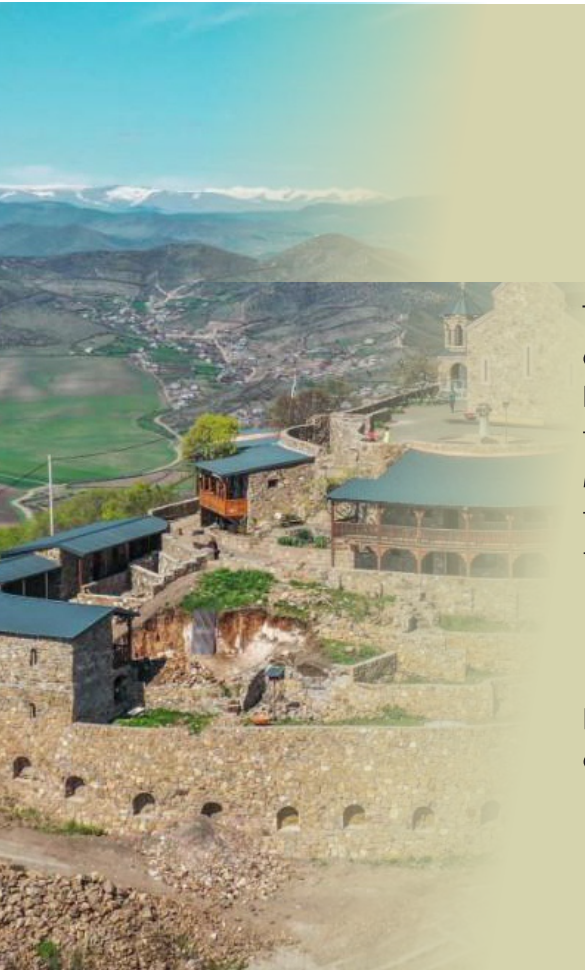
# BOLNISI

DIVERSE INVESTMENT OPPORTUNITIES



**BOLNISI MUNICIPALITY**

Investment Profile



The investment profile was developed by the Association of Young Economists of Georgia (AYEG) in cooperation with Local Democracy Agency Georgia (LDA Georgia) with support from United Nations Development Programme (UNDP), the Ministry of Regional Development and Infrastructure of Georgia, the Swiss Agency for Development and Cooperation (SDC) and the Austrian Development Cooperation (ADC).

Bolnisi Municipality is responsible for the content of this publication.





## A WORD FROM THE MAYOR

Bolnisi Municipality is rich in natural resources such as precious metals and various types of natural stones. Its fertile agricultural lands and micro-climate make the municipality an ideal opportunity for small, medium and large entrepreneurs interested in agriculture and eager to have 2 or even 3 harvests in one year. Moreover, the municipality's proximity to Tbilisi as well as neighboring countries represents an advantage for entrepreneurs in terms of delivering products and services to large and diverse markets, both inside and outside the country, in a short time and at low expense.

The local government of Bolnisi Municipality is actively working to attract investments and is ready to cooperate with potential investors to facilitate the implementation of important investment projects in the municipality and thus contribute to the creation of new jobs, the growth of local incomes, and the sustainable development of the local economy. Bolnisi Municipality has gained significant experience in cooperation with international organizations such as the EU Delegation to Georgia and UNDP.

The Local Economic Development Plan (LEDP) developed by the municipality in 2018 was evaluated by the World Bank experts as one of the best economic development plans in Georgia, and it went on to win various awards. In 2019, Bolnisi was named by the National Association of Local Authorities of Georgia as the municipality with the best approaches in the field of "socio-economic development planning."

Bolnisi Municipality has developed important documents such as the Medium-Term Development Document 2020-2023 and the Local Economic Development Plan (LEDP) 2019-2020. These plans are being implemented successfully.

**David Sherazadishvili**

**Mayor of Bolnisi Municipality**

# TOP 8 REASONS TO INVEST IN BOLNISI

## Why Bolnisi Municipality?

- 1 Proximity to Tbilisi and neighboring countries (Azerbaijan and Armenia)
- 2 Diverse cultural heritage attributable to German communities that previously lived in the municipality
- 3 Good road infrastructure in all settlements
- 4 Plentiful land resources and fertile agricultural land
- 5 Available skilled labor force
- 6 On-site services to start and develop a business are available
- 7 Diverse tourism potential and cultural heritage sites
- 8 Favorable climatic conditions for agricultural activities





## A RICH AND COLORFUL HISTORY

- ✓ 4<sup>th</sup> - 3<sup>rd</sup> century B.C. - Ancient center of gold mining and production
- ✓ 478-493 AD - Inscriptions of Bolnisi Sioni Cathedral are among the oldest examples of Georgian writing
- ✓ 1818 - German settlement called Katharinenfeld established in Bolnisi
- ✓ 1921-1944 – Bolnisi town named “Luxemburg” after German communist Rosa Luxemburg
- ✓ In the German quarter of Bolnisi there are unique houses with a mixture of Gothic and Georgian architecture
- ✓ 2016 onwards - 13 old German houses awarded the status of cultural heritage monuments
- ✓ More than 120 historical architectural monuments are located on the territory of the municipality





## GENERAL CHARACTERISTICS OF THE MUNICIPALITY

Enthusiastic and hardworking human resources



Population - **55 410**



Female - **49%**

Male - **51%**

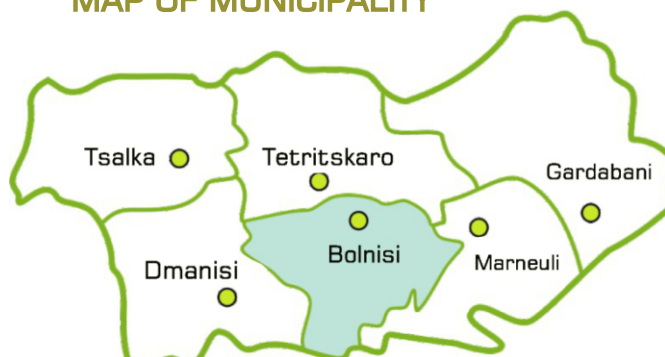
Youth aged below 29 - **11 225**



Total Labor Force

(population aged 15-65) - **35 586**

## MAP OF MUNICIPALITY



Area - **80,692 ha**

## GEOGRAPHY & CLIMATIC CONDITIONS

Climatic conditions are favorable for agricultural activities

The municipality is characterized by two main types of climate:



Dry subtropical steppe climate with moderately cold winters and hot summers; and



Moderately humid climate, with moderately cold winters and long summers.



Settlements are located at an altitude of 550 meters above sea level



Average annual temperature +12° C



Average annual precipitation - 572 mm.





## LOCATION AND ACCESS TO MARKETS

- ✓ Close proximity to Tbilisi and neighboring countries provides quick access to large markets;
- ✓ The internationally important E117 highway passes through the municipality and connects it with the Republic of Armenia; and
- ✓ Marneuli-Kazreti railway line crosses the territory of the municipality.

Distance to main cities:

Tbilisi - 65 km

Tbilisi International Airport - 71 km

Telavi - 150 km

Gori - 148 km

Kutaisi - 289 km

Batumi - 439 km

Major trade markets:

Marneuli - 23 km

Tbilisi - 65 km

Distances from Bolnisi town to state borders:

Republic of Armenia - 60 km; and

Republic of Azerbaijan - 63 km





## EDUCATION

- ✓ Development of vocational training is a priority for the municipality; and
- ✓ Both pre-school and secondary education are available to all residents of the municipality.



## HEALTHCARE

HEALTH SERVICES INCLUDING MODERN EQUIPMENT AND HIGHLY-QUALIFIED DOCTORS ARE AVAILABLE IN THE MUNICIPALITY.

- ✓ "Bolnisi New Medical Center" Ltd, Children's Polyclinic and Bolnisi Maternity Hospital are all operating;
- ✓ Eight clinics are running; and
- ✓ The number of doctors and services has been growing over the years.



## INFRASTRUCTURE

COMMUNICATION AND UTILITY INFRASTRUCTURE IN PLACE AVAILABLE THROUGHOUT THE MUNICIPALITY:

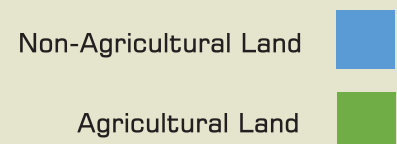
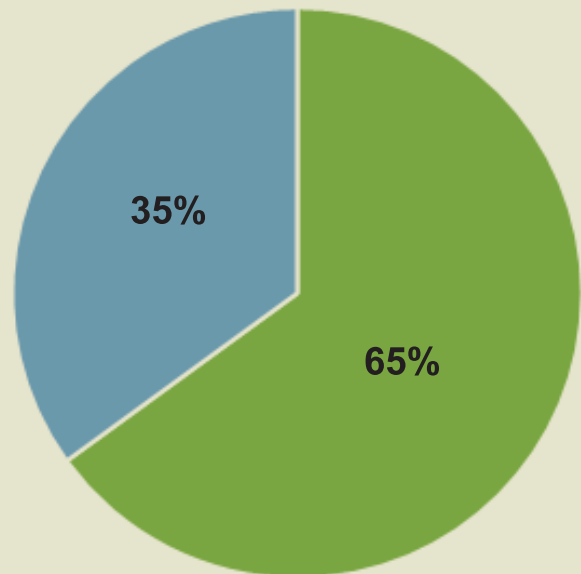
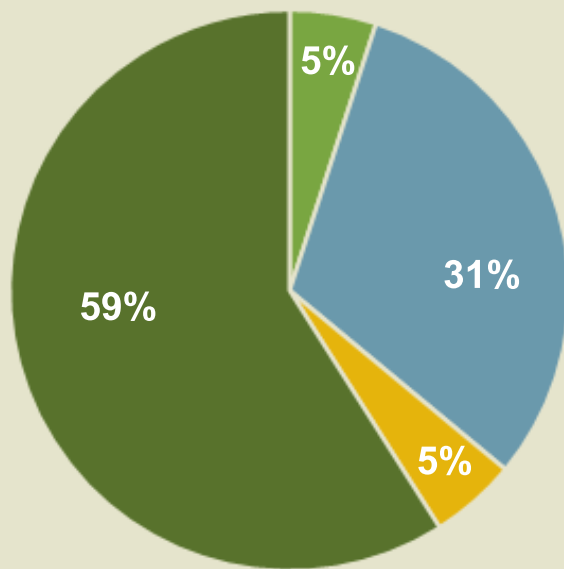
- ✓ Good road infrastructure;
- ✓ Electricity, natural gas, drinking water supply;
- ✓ Access roads to all settlements of the municipality have been rehabilitated; and
- ✓ Sewage and drainage systems are functional in Bolnisi town.





# LAND ASSETS AND POTENTIAL FOR USE

- ✓ Bolnisi Municipality is rich in land resources ready for investment;
- ✓ 30% of arable land is still not cultivated;
- ✓ Most of the products grown in the municipality are sold in the agricultural markets of Tbilisi and Rustavi; and
- ✓ A significant proportion of locally-grown products are sold as raw materials and they are processed or packaged in neighboring regions.





## INDUSTRY AND AGRICULTURE ARE LEADING ECONOMIC SECTORS IN THE MUNICIPALITY



Fertile agricultural land and possibility of 3 harvests a year;



Agricultural activity focuses on viticulture, horticulture, fruit growing, grain growing, and cattle breeding:

Viticulture/winemaking, which is a traditional field in the municipality, is developing rapidly.



Non-agricultural activities in the municipality are related to mineral extraction;

Heavy industry, and production of construction and paving materials.





# THE ROLE OF AGRICULTURE AND ITS POTENTIAL



The sector serves as an important foundation for the development of the food processing industry in general and food safety more broadly.

- Nearly half of the agricultural land is used for growing grains (45%); and
- Nearly half of arable land is used to grow wheat (about 50%), while other common crops are potatoes (18%), corn (15%), and beans (9%).



The climatic environment in the municipality creates good conditions for the development of greenhouses;



Viticulture/winemaking, horticulture, and fruit-growing sectors are developing quickly:

- The local micro-climate is conducive to growing grapes with a unique aroma and taste; and
- More than 100 households are engaged in viticulture and cultivate 622 ha of land.



## TOURISM POTENTIAL IN BOLNISI

GOthic-STYLE GERMAN HOUSES MAKE THE MUNICIPALITY ATTRACTIVE TO TOURISTS:

- ✓ About 400 Gothic-style houses in Bolnisi municipality;
- ✓ German cultural heritage sites and the former Katharinenfeld stand out; and
- ✓ 3 museums, including the newly-built Bolnisi Museum.

POLADAURI GORGE:

- ✓ The majority of the area is covered with forest and is characterized by an ecologically clean environment;
- ✓ Rich in cultural heritage sites, castles, churches, monasteries, and natural monuments; and
- ✓ Government-owned land and buildings with investment potential.

POTENTIAL FOR ADVENTURE TOURISM DEVELOPMENT:

- Rafting in Khrami Gorge, horseback-riding tours, hunting, and parachuting in the "Tafni" area.



# FOSSIL FUELS AND NATURAL RESOURCES

The municipality is rich in fossil fuels and natural resources;

The resources available in the municipality are in high demand (locally and internationally);

Medicinal mineral springs in the village of Rachisubani and near Kazreti are promising areas for local economic development; and

CATEGORY	THE AMOUNT OF RESOURCES	POTENTIAL
GOLD	---	Precious jewelry
SILVER	109 Tons	Precious jewelry
COPPER	26,815 Tons	Material for electrical equipment
SAPPHIRE STONE	unknown	Export
TUFF	1,055,000 m <sup>3</sup>	Building Material
BASALT	1,986,877 m <sup>3</sup>	Building Material
IN SAND_GRAVEL	1,915,865 m <sup>3</sup>	Building Material
GAS	550 Tons per year	Industrial gas production
FRESHWATER	1,017 m <sup>3</sup> per day	Extraction of fresh water for industrial purposes







## MAJOR PROJECTS (ONGOING AND PLANNED)

- ✓ Local government maintains road and utility infrastructure in a good condition;
- ✓ Rehabilitation/renovation of Georgian-German Cultural Center (to be equipped with new facilities); and
- ✓ Rehabilitation of the access road to Kveshi Fortress and arrangement of an outdoor lighting system will make the historical building more attractive for tourists.





## BUSINESS ENTITIES IN BOLNISI

- ✓ The output and revenues of the enterprises operating in the municipality are increasing;
- ✓ A total of 583 operating enterprises including 569 small, 12 medium, and 2 large;
  - A poultry farm operates in Savaneti (17 ha);
  - Pig farm (15 ha);
  - Beekeeping and fish farms;
  - More than 25 small family cellars in German and Georgian house basements;
  - Milk and dairy enterprises;
  - An apple orchard, which processes 200 tons of apples per season;
  - Flower greenhouse;
  - Storage, refrigeration and warehousing firms;
  - Hotels, cafes/restaurants;
  - Stores, financial institutions;
  - Tourism agencies, etc.
- ✓ 39.3% of the municipality's economically active population is employed in the agricultural sector.
- Farmers are engaged in livestock, horticulture, vegetable growing, and viticulture;
- ✓ High-quality minerals are extracted - basalt and tuff - as well as gold, silver, copper, and barite;
- ✓ Kazreti town - copper concentrate manufacturing company JSC "RMG COPPER"





## BUSINESS-ENABLING ENVIRONMENT

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

## LOW BUSINESS COSTS

- ✓ Easy-to-administer tax system and flexible dispute-resolution procedures;
- ✓ Easy to start a business;
- ✓ Proximity to free industrial zones and low logistics costs; and
- ✓ Favorable real estate prices.







## LOW AND EFFICIENT TAXATION CONDUCTIVE TO BUSINESS

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

POTENTIAL EXPENDITURES	AMOUNT
NATURAL GAS	0,95 GEL / m <sup>3</sup>
ELECTRICITY	0,21 GEL / kWh
WATER SUPPLY	0,499 GEL / m <sup>3</sup>
WASTE MANAGEMENT	0,01-0,5 GEL / m <sup>2</sup>
FEE FOR CONSTRUCTION PERMIT	1 GEL / m <sup>2</sup>
PROPERTY TAX ON LAND (Agricultural land)	Arable land – 100 Gel; Grassland/Hay Fields – 20 Gel; Pastoral land – 16 Gel; For a company using natural resources - 3 GEL
PROPERTY TAX ON LAND (Non-Agricultural land)	City of Bolnisi – 0.24 Gel Town Kazreti and Tamarisi – 0.18 Gel Villages and other areas of a municipality – 0.12 Gel



## GOVERNMENT SERVICES FOR BUSINESS

Services are available for registering and starting a business, obtaining permits, privatization procedures, and the obtaining of other necessary information.

### PUBLIC SERVICE HALL

- Various services available in one place under the 'one-window' principle; and
- Business registration, property registration, privatization process, etc.

### BOLNISI AGRO CENTER

- Packaging services with mobile equipment;
- Information meetings and business consultations; and
- Promotes sales of local products:
- ✓ LEPL Public Service Development Agency - Kazreti Community Center;
- ✓ Bolnisi Branch of LEPL State Services Development Agency;
- ✓ Information Consulting Centers of the Ministry of Environmental Protection and Agriculture;
- ✓ Hydro meteorological station;
- ✓ Bolnisi Tourism Information Center of the Georgian National Tourism Administration;
- ✓ Social Service Agency;
- ✓ National Food Agency, Bolnisi;
- ✓ Educational Resource Center Bolnisi;
- ✓ Georgian Amelioration – Mashavera Service Center of the National Forestry Agency; and
- ✓ Kvemo Kartli Department of the National Forestry Agency.
- ✓ Georgian Post, Bolnisi Service Center.



## STATE SUPPORT AND SUCCESSFUL INVESTMENT

- ✓ The Government is focused on the sustainable usage of natural resources and the efficient realization of investment potential.
- ✓ The state program "Plant the Future" promotes cultivation of walnut, almond and plum orchards in the municipality, on a total of 90 hectares of land, with co-financing of up to 400,000 GEL.

### MINERAL EXTRACTION AND PROCESSING:

- ✓ JSC "RMG COPPER", a company producing copper concentrates, operates in Kazreti. The products produced by the company are highly competitive in the world market, and it is among Georgia's leading exporters.
- ✓ "RMG Gold Ltd." operates in the town of Kazreti, and is the only gold production company in Georgia. The company employs more than 3,000 people.





## ADVANTAGES OF THE INVESTMENT CLIMATE IN GEORGIA

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

# STATE SUPPORTED OPPORTUNITIES

Government Supports Agriculture, Service and Hospitality Industries



## ENTERPRISE GEORGIA

### The State Agency “Enterprise Georgia”

#### Covers the Following Areas:

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



## Rural Development Agency

### Rural Development Agency

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



## GEORGIA'S INNOVATION & TECHNOLOGY AGENCY

### Georgia's Innovation and Technology Agency

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



## PARTNERSHIP FUND

### JSC Partnership Fund (PF)

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

# GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENTS

## 1. So-called "Ateki Territory"



—● LOCATION

City of Bolnisi  
city center; close to highway connecting Georgia and Armenia;



—● AREA - 1 HA



—● CADASTRAL CODE 80.06.65.178



—● OWNERSHIP

Local Government



—● POTENTIAL

Multi-sport Complex





# GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENTS

## 2. Building on the site of a former museum



—● LOCATION

Edge of Bolnisi town



—● AREA - 3 000 square meter

(including the building)



—● CADASTRAL CODE 80.06.66.333



—● OWNERSHIP

Local Government



—● POTENTIAL

Private School / Professional College



# GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENTS

## 3. A three-story former archive building



—● LOCATION

Edge of Bolnisi city



—● CADASTRAL CODE 80.06.69.012



—● OWNERSHIP

Local Government



—● POTENTIAL

Hotel and Leisure Complex



# GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENTS

## 4. Land with buildings in the village of Poladauri



—● LOCATION

Bolnisi Municipality



—● AREA - 3 HA

(including 9 buildings)



—● CADASTRAL CODE 80.07.68.033



—● OWNERSHIP

Local Government



—● POTENTIAL

Tourist services, Hotel / Leisure / Recreation Complex





# GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENTS

## 5. Village Talaveri



—● LOCATION

Bolnisi Municipality



—● AREA - 11,221 square meter



—● CADASTRAL CODE 80.04.64.697



—● OWNERSHIP

Central Government



—● POTENTIAL

Industrial / Storage



ESTIMATED STARTING PRICE OF AUCTION : 59,485 GEL

# GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENTS

## 6. Village Tandzia



—● LOCATION

Bolnisi Municipality



—● AREA - 20,540 square meter



—● CADASTRAL CODE 80.11.62.320



—● OWNERSHIP

Central Government



—● POTENTIAL

Farm



ESTIMATED STARTING PRICE OF AUCTION : 217,910 GEL

# GOVERNMENT-OWNED PROPERTIES AVAILABLE FOR INVESTMENTS

## 7. Village Ratevani



—● LOCATION

Bolnisi Municipality



—● CADASTRAL CODE 80.09.62.009



—● AREA - 5,364 square meter



—● OWNERSHIP

Central Government



ESTIMATED STARTING PRICE OF AUCTION : 1 16,000 GEL



## FOR MORE INFORMATION:

Investment Climate & Opportunities in Georgia (2019)

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

## OTHER USEFUL LINKS:



Invest in Georgia

[www.investingeorgia.org](http://www.investingeorgia.org)

Ministry of Economy and Sustainable Development

[www.economy.ge](http://www.economy.ge)

Ministry of Finance of Georgia

[www.mof.ge](http://www.mof.ge)

Ministry of Environmental Protection and Agriculture of Georgia

[www.mepa.gov.ge](http://www.mepa.gov.ge)

Ministry of Regional Development and Infrastructure of Georgia

[www.mrdi.gov.ge](http://www.mrdi.gov.ge)

JSC Partnership Fund

[www.fund.ge](http://www.fund.ge)

## INFORMATION SOURCE

Contact of Bolnisi Municipality:

[www.bolnisi.gov.ge](http://www.bolnisi.gov.ge)

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