



The European Union  
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# Survey to Identify Labor Market and Growth Potential Economic Sectors

## The Institute for Change and Innovation (former Guria Youth Resource Center)

### Final Report

The Survey was conducted within the project “Skills for Employment and Cooperation – Tailoring Opportunities for Regions of Georgia (SECTORs)”.

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## Contact Information

The report was prepared by PMO Business Consulting in cooperation with the Institute for Change and Innovation (former *Guria Youth Resource Center*). **"Research to identify labor market and growth potential sectors"** is performed under the framework of the EU-funded program **"Skills for Employment and Cooperation - Prospects For the regions of Georgia"**. The document presents the research findings and recommendations, which reflect the current state of the labor market in the selected regions and related challenges, as well as the recommendations for addressing the issues revealed during the study. For the purposes of the study, four economic sectors were selected in the regions that fall under the study focus, including agriculture and its sub-sectors, to examine potential sectorial challenges, with particular focus on skills mismatching and gaps limiting employment opportunities in the selected industries. Based on the research findings, recommendations were prepared to improve the labor market situation and eliminate demand-supply gaps in the regions.

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## Executive Summary

The purpose of this study is to identify labor market needs and growth potential sectors, assess the needs and requirements of employers in the labor market, as well as target project vulnerable groups (young people who due to economic hardship have limited access to the higher education, young women - facing economic and social hardships, low-income families), reveal education and employment programs that will strengthen their employment opportunities and facilitate economic empowerment.

The survey was conducted from December 2020 to February 2021 inclusive. The survey was conducted in 9 municipalities of Georgia: Kobuleti, Keda, Batumi, Ozurgeti, Lanchkhuti, Chokhatauri, Tsalenjikha, Senaki and Zugdidi.

The research was conducted using qualitative and quantitative research tools. In particular, secondary information was obtained based on the processing of existing statistics and research documents. In addition, interviews and focus groups were conducted with various stakeholders, namely: representatives of local self-government bodies, business entities operating in the target regions, educational institutions, non-governmental organizations and representatives of target vulnerable groups. A total of 283 respondents were interviewed as part of the survey.

The study assessed the general labor market situation in the target regions, employment opportunities in the private and public sectors, qualification requirements and expectations set by potential employers, as well as identified educational areas that will contribute to the project "Skills for Employment and Cooperation Perspectives" in Georgia, strengthen the employment and self-employment opportunities of the beneficiaries and improve their socio-economic conditions.

Based on the analysis of the information obtained during the research, the following main problems were identified in terms of employment opportunities in the labor market and the development of the labor market in general in the study regions:

**Employment prospects** play a crucial role in shaping the demand for specific professions and consequently existing educational programs by the public. The choice takes into account such circumstances as the number of potential employers, the level of development of the field, the amount of possible remuneration. In terms of employment prospects, the agricultural sector is quite specific, as the demand for low-skilled workers in this sector is often seasonal, which is why the population prefers to go abroad for seasonal work in the agricultural sector for higher pay. As for the qualified staff, such as specialists in the field (agronomist, veterinarian, agro-technologist), there is a shortage of staff in the field. Because there are not enough specialists and qualified specialists in the regions. In addition, as the agricultural sector is represented mainly by small and medium-sized farmers and enterprises, the sector is unable to create a significant number of jobs and offer the desired pay, which is why the interest of the population in the specialties related to this sector is quite low.

**Insufficient level of cooperation between the education and business sectors**, which in turn hinders the development of training programs tailored to the needs of specific fields and the training of qualified staff, which contributes to the shortage of skills required in the labor market and reduces employment opportunities for graduates. Basically, educational institutions work closely and successfully with large companies in the regions, as these companies are large employers and have an impact on the labor market. As for small and medium-sized businesses, their involvement is relatively low, both in terms of program development as well as practice-based training and internships. Weak cooperation with small and medium-sized businesses is caused by various circumstances;

**Lack of information about vocational education opportunities** is one of the impediments in terms of providing the necessary skills and qualifications to the labor market. The study revealed that small and medium-sized businesses operating in the target sectors do not have information about the existing areas of vocational education and opportunities for cooperation with vocational schools. Consequently, the representatives of the business sector mainly train the necessary staff with their own resources, such as on-site training and knowledge sharing, training of staff through short-term professional courses, however, in the process of staff training they do not apply to educational institutions in the region. In addition, it was revealed that students' attitudes towards vocational education, It is quite positive. According to various surveys conducted by the Ministry of Education, Science and Sports, 89% of the students of the surveyed vocational schools would choose the same vocational school and 82% would choose the same profession if they were re-admitted. Nevertheless, it should be noted that the turnout in vocational education institutions is quite low, both in selected regions and across the country, which remains one of the most important challenges in this sector and indicates the need to refine the existing communication strategy and expand geographical access to vocational education. And 82% would choose the same profession. Nevertheless, it should be noted that the turnout in vocational education institutions is quite low, both in selected regions and across the country, which remains one of the most important challenges in this sector and indicates the need to refine the existing communication strategy of vocational education and expand geographical access. And 82% would choose the same profession. Nevertheless, it should be noted that the turnout in vocational education institutions is quite low, both in selected regions and across the country, which remains one of the most important challenges in this sector and indicates the need to refine the existing communication strategy of vocational education and expand geographical access.

The results of a survey of vulnerable groups within the study showed that their awareness of education and employment opportunities is quite low. At the same time, their attitude towards employment opportunities in the region is quite skeptical, as they believe that employment in the desired position requires the existence of good personal contacts, while low-paid work is not interesting and desirable for them.

**Cultural norms and stereotypes** appear to be one of the main impediments in terms of employment of vocational school graduates. Potential employers believe that the knowledge gained in a vocational school is not enough and they do not trust the graduates of vocational schools. In many cases, a vocational college for an employer is associated with an institution that conducts training of a contingent that has failed to enroll in a higher education institution.

**Labor migration** contributes to the shortage of knowledge and skills in the regions. In turn, labor migration is caused by employment prospects and other related circumstances, such as better pay, better living conditions in the city, and better living conditions in general. Importantly, the study revealed the motivation for taking professional courses and the goal is not to acquire knowledge and acquire a profession, but to participate in various donor programs in order to receive a grant, or the prospects of going abroad and working there.

**Opportunities for the Development of Work-Based Learning (WBL)** - Research has shown that most small and medium-sized businesses often prefer relatively inexperienced and highly motivated staff in the recruitment process, and then provide on-site training. Although the business sector is less cooperative with vocational schools in the recruitment and training process at this stage, the existing practice of on-the-job training by employers provides a fairly solid basis for enhancing collaboration between business and vocational schools and effectively implementing the work-based teaching method.

However, it should also be noted that to achieve this goal, significant work will be done to increase the level of awareness of the private sector and to establish strong links in terms of cooperation with vocational education institutions.

## Research Methodology

This section describes the methods and approaches used in the research process. In particular, this section describes the criteria for selecting municipalities, the identification of stakeholders and the approaches used in the selection process, as well as the methods of gathering information in the research process.

The study obtained key information through in-depth interviews and focus groups interviewing business entities operating in selected sectors, as well as vocational education institutions, NGOs operating in the region, local governments and target vulnerable groups. In addition, a quantitative survey of business entities operating in the target sectors was conducted through structural questionnaires. In total, The survey involved 420 respondents and interviewed 283 subjects. The non-response rate is 34%.

The information obtained during the research was processed and analyzed in the following areas:

- **Analysis of the situation in the economic sectors at the regional and municipal levels**, which in turn includes the identification of labor market requirements, required skills and sectors with growth potential. This section explores the labor market requirements and needs for employment and self-employment, and analyzes the need for vocational education and training programs in economic sectors (including agriculture) to fill labor market skills shortages and enhance employment opportunities in the region.
- **Analysis of the needs of vocational education**, this section discusses the needs and challenges in the field of vocational education, describes the vocational programs in the institutions operating in the region and their compatibility with the requirements of the labor market.
- **Assess the professional skills and needs of project beneficiaries** - This section includes information on the barriers faced by vulnerable groups in the region and project target beneficiaries in terms of employment and education opportunities. In particular, the professional skills, knowledge, interests, employment prospects of vulnerable groups were analyzed in this regard, as well as the matching of their skills and qualifications with the requirements and expectations of potential employers.

### Criteria for Selection of Municipalities

The project selected the target municipalities from Adjara, Samegrelo and Guria from three regions. Three municipalities were selected from each region according to pre-established criteria. In preparing the criteria for the selection of municipalities, in addition to the criteria specified in the technical assignment, various circumstances that may have an impact on the labor market in the municipalities were also taken into account. Accordingly, when preparing the criteria for the selection of municipalities, the population of the municipality, the existence of vulnerable groups, the activity of the business sector, the level of employment, the presence of vocational and higher education institutions in the municipality and proximity to the regional center were taken into account.

The process of selecting municipalities was guided by the following criteria:

- Three municipalities were selected from each study region
- There is a corresponding regional center among the municipalities selected from each region
- Two additional municipalities were selected from each region that have or may have economic ties with each other or with the regional center
- The municipalities with relatively high economic activity were mainly selected from the region, the total turnover of the business sector in the municipality and the number of business entities operating in the municipality were taken into account in the selection process.
- When selecting a municipality, its role in the regional employment market was taken into account, according to this criterion, priority was given to those municipalities that have a relatively high share in the regional employment market.
- When selecting municipalities, the existence of vocational and higher education institutions was taken into account, priority was given to municipalities where there are already existing vocational or higher education institutions.
- In addition, the level of activity of the civil society operating in the municipality was taken into account during the selection.
- The priorities of the project implementing organizations were taken into account when selecting the research municipalities.

Based on the given criteria, **Zugdidi, Senaki and Tsalenjikha** municipalities were selected in Samegrelo. **Ozurgeti, Lanchkhuti and Chokhatauri** municipalities were selected in Guria. As for Adjara, **Batumi, Kobuleti and Keda** municipalities were selected. A general description of the selected municipalities is given in Appendix # 1 to this document.

## Desk Research

The desk research was conducted in parallel with the methodology and field research. The information obtained from the desk survey was used to support the findings of the field survey, and to supplement it with additional data. The desk research includes the review of existing documents and the processing of statistical information about regions and municipalities in the following areas:

- Employment and Unemployment Trends
- Education Opportunities
- Social Status and Vulnerable Groups
- Business Sector Indicators

## Data Collection Tools

Primary information was collected through in-depth interviews with focus groups and focus groups. For the purposes of the study, stakeholders were divided into five main groups:

- Business Sector
- Education Sector
- Public Sector
- Non-Governmental Sector

- Project Target Vulnerable Groups

Existing research reports, data from the National Statistics Office and other sources on research subjects in the target municipalities were reviewed as part of the desk study.

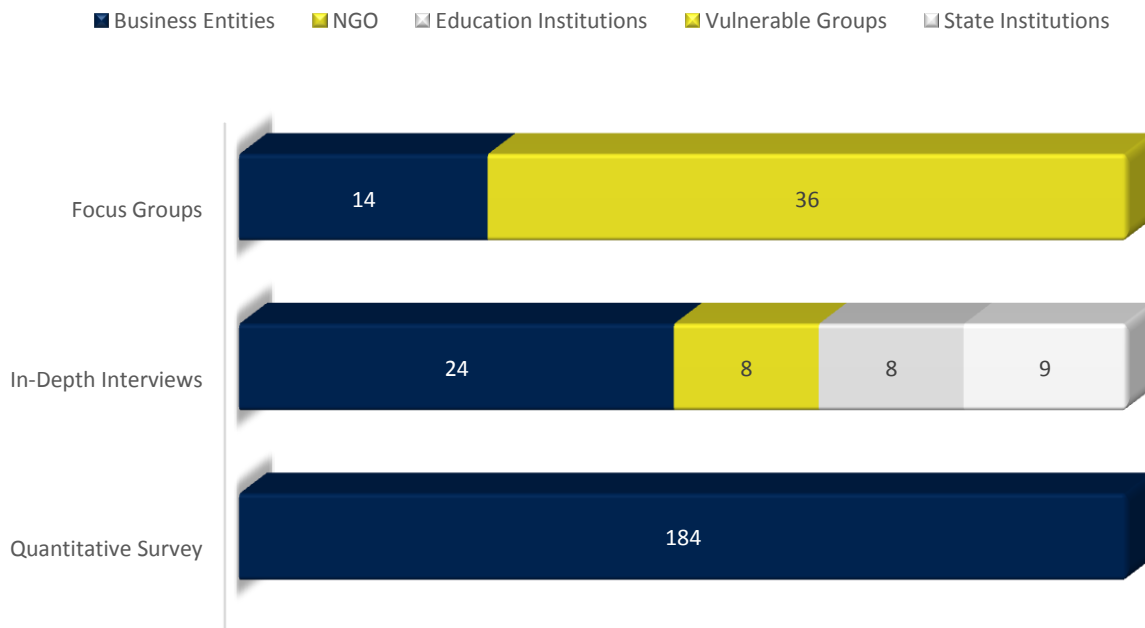
In total, **420 respondents** were contacted in all three regions of the study, and 283 respondents were interviewed using both quantitative and qualitative tools. Data from interviews and surveys are given in Appendix # 2.

It should be noted that the non-response rate of the survey in the business sector in the quantitative survey is quite high. However, it is important here that the majority of the subjects among the selected respondents have stopped functioning or are not interested in the issue. In addition, when contacting the respondents, it was revealed that the majority indicated incorrect contact information. Such entities are mainly beneficiaries of ENPARD and other grant programs.

Through in-depth interviews, 49 respondents were interviewed, while the number of respondents in focus groups was 50 respondents. The average duration of in-depth interviews was 1 hour, while the duration of the telephone survey did not exceed 15 minutes.

Information on the number of respondents according to the survey tools used is presented in Figure # 1.

**Figure1. Distribution of respondents according to the survey methods**



*Source: PMO Analytics*

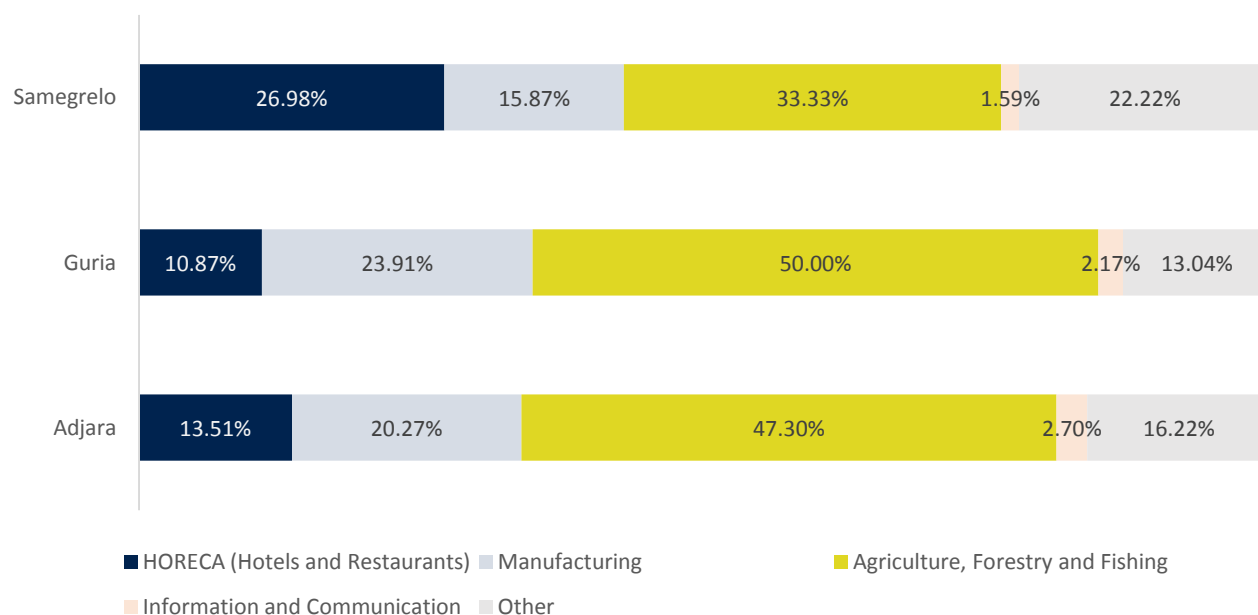
## Quantitative Survey Methods

In order to identify quantitative survey respondents, information was sought from a variety of sources, including the National Statistics Office and databases of various donor-funded business entities.

The number of selected respondents included 300 business entities, of which 184 respondents were interviewed, 116 respondents could not be polled because 36 companies refused to cooperate, 43 companies no longer functioned and did not participate in the survey, and the number listed in 37 companies' databases is either unavailable or unanswered. Gives grounds to assume that these companies have either ceased to operate or have suspended operations due to the epidemiological situation in the country.

The interviewed respondents were distributed in the selected regions as follows: 74 companies were interviewed in Adjara region, 46 in Guria and 63 companies in Samegrelo region.

**Figure2. Distribution of surveyed respondents by sector and region**



*Source: PMO Analytics*

The sectoral distribution of the surveyed companies mainly includes agriculture, hotel and restaurant activities and the processing industry. However, selected respondents added businesses that are already collaborating with the education sector, which led to the expansion of initially selected sectors and added areas such as construction, healthcare, finance, insurance, transportation and warehousing.

Most of the surveyed companies operate in the administrative centers of the regions. Accordingly, in Batumi, Ozurgeti and Zugdidi, compared to other municipalities, the most companies were surveyed.

An equal number of business entities were surveyed in the administrative centers in Batumi and Zugdidi and the number of respondents included 38 business entities, while in Ozurgeti 35 organizations were surveyed. In all three regions, more than 50% of the respondents are small companies with no more than

20 employees. As for large businesses (more than 100 employees), 15.1% were interviewed in Adjara, 8.9% in Guria and 12.7% in Samegrelo.

## General overview of the situation in the regions

This section provides information from desk and field research, including statistics on employment and unemployment, sectoral status and vulnerabilities, vocational education programs, and selected sectors.

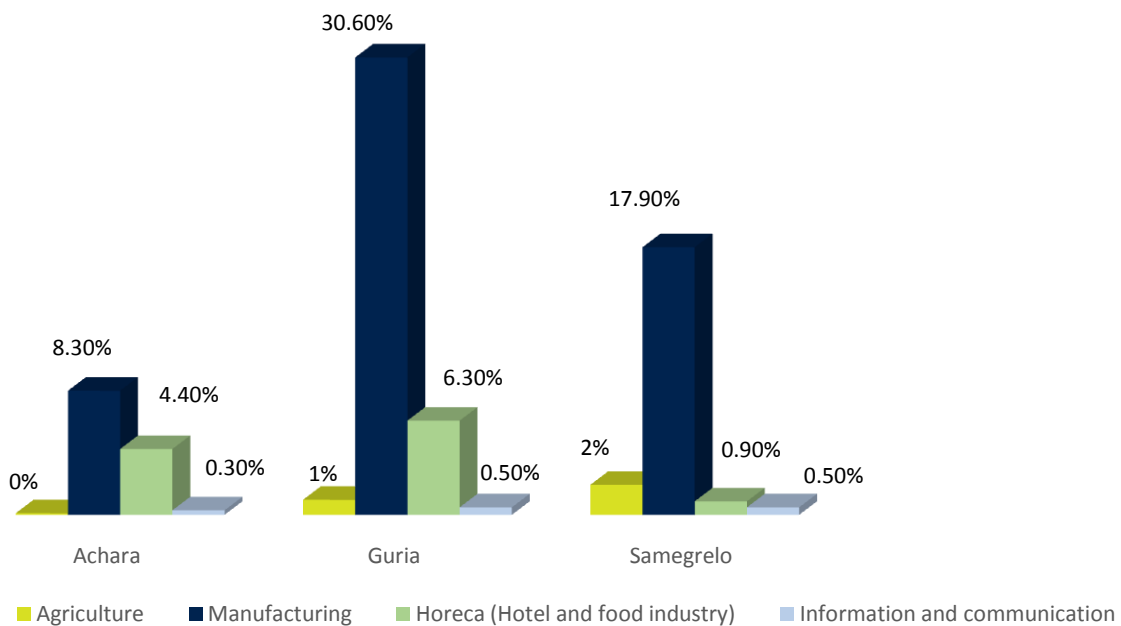
### Analysis of economic sectors at regional and municipal level

According to Geostat data, among the regions and sectors selected in 2019, the processing industry in Guria has the highest turnover, accounting for 30.6% of the region's total turnover. It is noteworthy that the processing industry also has the highest investment compared to other selected sectors, accounting for 23.8% of the total investment in the business sector.

In Adjara, according to the sector turnover data, the processing industry also ranks first, compared to other selected sectors, and its rate is 8.3% of the total turnover of the business sector in the region. However, the share of the processing industry in investments made at the regional level is quite low, amounting to only 3%, while in the case of other sectors, such as construction, transport and warehousing, the turnover and investment rate is much higher. This basis gives us to assume that the development of this sector compared to other sectors in the region is slow.

In the case of Samegrelo Zemo-Svaneti, the manufacturing sector has a high turnover of the business sector among the selected sectors, amounting to 17.9%. However, in terms of investments made, it should be noted that the amount of investments made in agriculture and manufacturing is almost equal and it is about 11%.

**Figure3. Percentage distribution of sectors by selected regions, 2019**



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*Source: Geostat*

One of the factors influencing the development of the economic sector is the amount of investments made in the business sector. In terms of volume of investments in the business sector, the largest volume of investments in the selected regions in 2019 was made in the Adjara region and amounted to 504 million GEL, which is 10.3% of investments in the business sector, followed by Samegrelo-Zemo Svaneti region with 4.1%. The volume of investments in the business sector in the Guria region is quite low at GEL 17.6 million, which is 0.4% of the investments made across the country. Which indicates the low level of business sector development in the Guria region.

Most of the investments made in the region are mainly concentrated in the regional centers. For example, 93% of investments in the Adjara region come from Batumi, while the second place is occupied by Khelvachauri municipality, where the volume of investments in the business sector is 25.5 million GEL, which is 5% of investments in the region. A similar trend is in the Guria region, where 92% of investments in the region come from Ozurgeti municipality.

The picture is relatively different for Samegrelo-Zemo Svaneti region, where Poti is in the first place in terms of volume of investments, where the volume of investments in the business sector is 90.3 million GEL, which is 45% of the investments made in the region. Mestia (25.7%) is in the second place in terms of the volume of investments made in the region, while Khobi Municipality is in the third place with 11% of the total investments. As for Zugdidi, it is in the fourth place according to the volume of investments made in the region with 8.3% share. This difference in the Samegrelo region is due to the purpose of Poti as an industrial zone and port city, as well as the condition of Mestia as a tourist center. Consequently, these municipalities enjoy relatively high interest from investors.

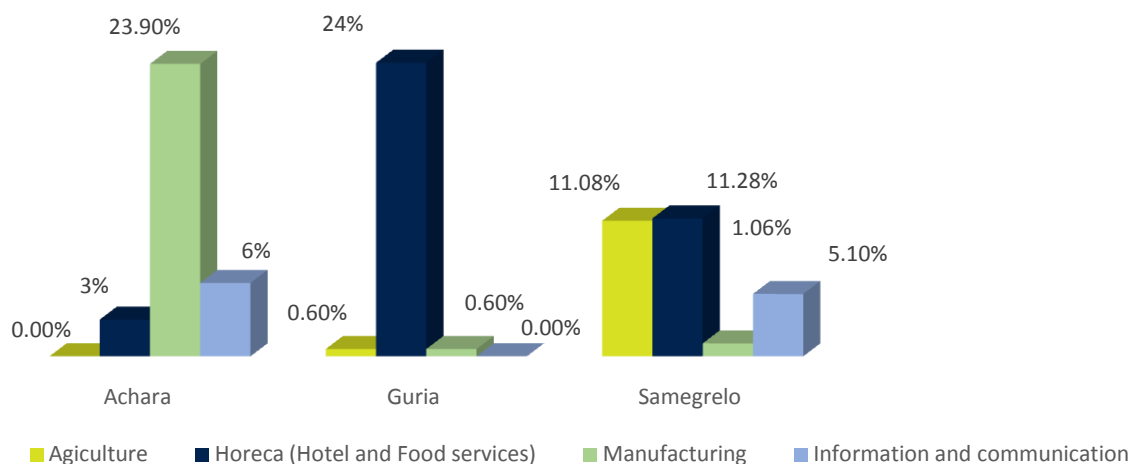
As for the distribution of investments by sector, the main part of investments in the Adjara region comes from construction (39%), hotels and restaurants (24%), which is due to the role of the tourist center of the region. In terms of investment volume, the third place is occupied by wholesale and retail trade with a 10% share in investments, while the fourth place is occupied by transport and warehousing activities with a 6% share.

We have a different picture in terms of sectoral distribution of investments in Samegrelo and Guria regions. The main share of investments (35%) in the Samegrelo region comes from transport and warehousing activities, followed by electricity and natural gas supply activities, which account for 28% of investments in the region. This distribution is due to the existence of a port city (Poti) in the region and also the construction of hydropower plants in Samegrelo and Upper Svaneti. In addition, it is interesting to note that compared to the study regions, Samegrelo has a high volume of investment in agriculture, which is due to the development of crops such as nuts and berries, which are of high interest to businesses.

The main share of investments in the Guria region falls on real estate activities (56%), followed by manufacturing (24%) and mining (5%).

Figure # 4 shows the distribution of investments among the sectors selected within the survey by regions.

**Figure4. Percentage distribution of investment by selected sectors and regions, 2019**



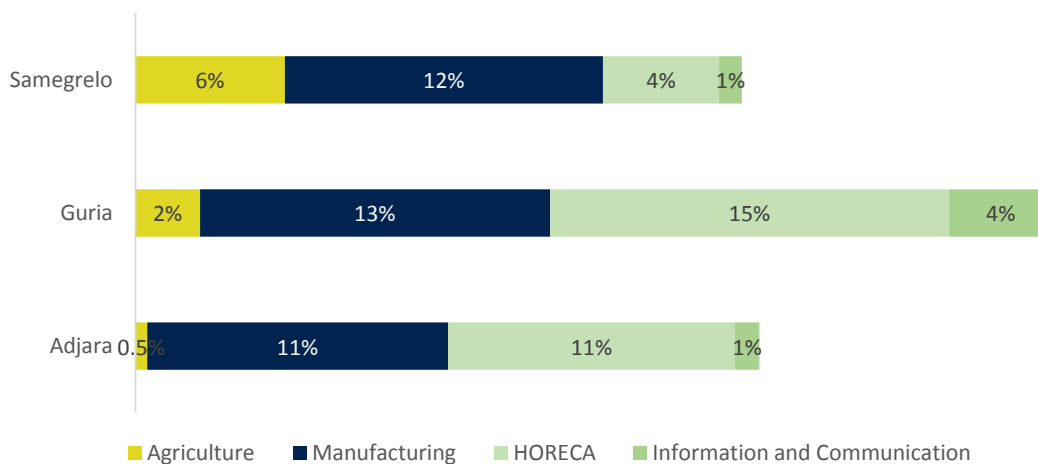
*Source: Geostat*

If we compare the turnover of the sectors and the amount of investments in the regional context, we will see that the processing industry for Guria and Samegrelo is one of the developed sectors, and for Adjara, the field of providing such facilities (hotels).

After studying the statistical data, it was revealed that in Adjara and Guria the employment rate is high in the wholesale and retail trade sector, while in Samegrelo the highest employment rate is in the transport and warehousing sector.

The lowest rate in the accommodation sector is in Samegrelo, at 4.4%. If we compare the amount of turnover and investments in this sector, we can conclude that this sector has not reached the level of development as it is in Guria and Adjara. However, it is noteworthy that in Samegrelo, compared to other regions, investments in the field of agriculture are the highest, as well as the employment rate.

**Figure5. Percentage of employment by selected sectors and regions, 2019**



*Source: Geostat*

As for the manufacturing industry, it is characterized by almost the same employment rates in all three regions.

Analyzing this information, we can conclude that the processing industry is one of the leading industries in all three regions, and the sector of providing accommodation is developing, especially in Adjara, where it is clear that the tourism potential is not fully realized, as investment in it is still ongoing.

Comparative summary information of the fields is given in the form of an appendix, in Table # 6.

### Employment and Unemployment

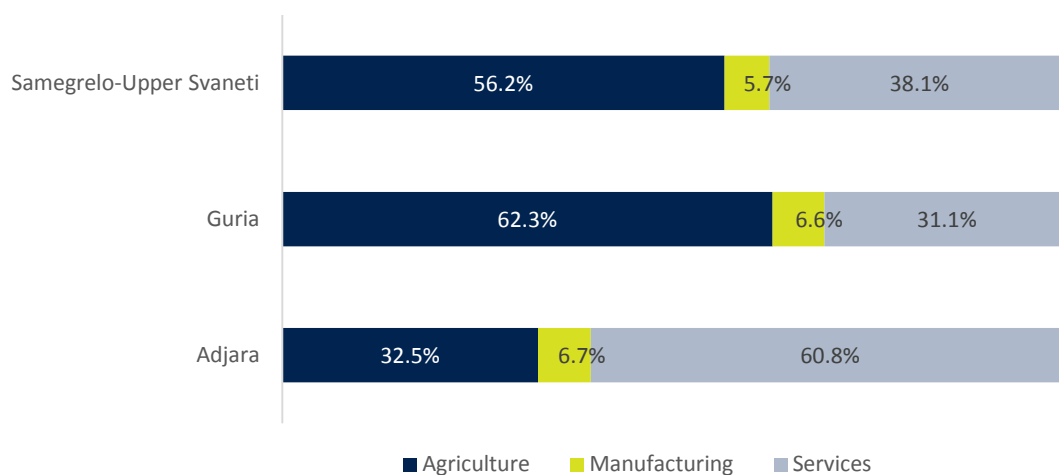
Factors such as employment, unemployment, education and social status were taken into account in identifying the labor market and economic sectors with growth potential in the study regions.

According to the National Statistics Office of Georgia, in 2019, the number of employees in Adjara is 163.1 thousand people, while for Guria this figure is 66.1 thousand people. As for Samegrelo-Zemo Svaneti region, the total number of employees is 159.6 thousand people. If we compare the number of employees in the business sector with the total number of employees in the regions, we will see the level of development of the business sector by regions. These data are distributed as follows: 45.6% are employed in the business sector in Adjara, 14.6% in Guria, and 19% in Samegrelo Zemo-Svaneti. It is clear that out of all three regions, Adjara has a higher level of business development compared to other regions.

In addition, the unemployment rates in the three regions are approximately similar and are distributed as follows: Adjara - 17.6%, Guria - 16.2%, Samegrelo - Zemo Svaneti - 15.9%.

The distribution of the total number of employees according to economic activities indicates which sector occupies an important place in terms of employment. Accordingly, Figure # 6 shows that Guria employs 62.3% of the agricultural sector, while Adjara has a high employment rate in the service sector, which includes the construction sector. Samegrelo Agriculture sector accounts for 56.2% of the Zemo-Svaneti region.

**Figure6. Percentage distribution of employees by main types of economic activity, 2019**

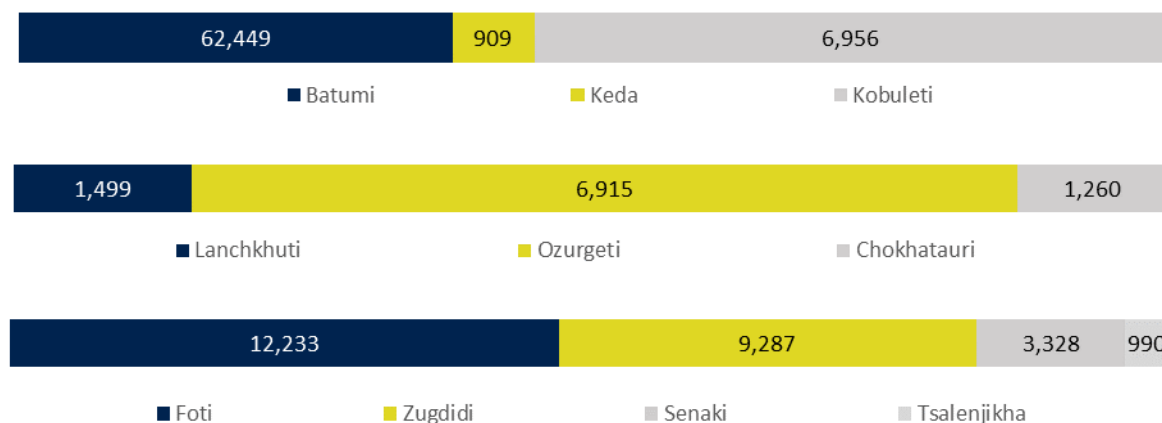


Source: Geostat

It should be noted that the employment rate includes both employment in the business sector and the number of self-employed in the private sector. A self-employed person is a person who carries out his / her own activities in the field of services, production or other fields. Accordingly, according to the existing approach, self-employed are households operating in the agricultural sector, which carry out the first production of products for personal or commercial purposes. A high rate of self-employment can be considered negative when the income from self-employment is quite low. In addition, this figure indicates the level of economic development, because in a developed economy, the share of the self-employed in total employment is always low. Nationwide, the self-employment rate for 2019 is 30.7%. Although self-employment has been declining in recent years, high self-employment remains a major challenge in the labor market.<sup>1</sup> Significantly, the self-employment rate increased by 1.17% in 2020, due to the impact of the epidemiological situation in the country. As for the income received from self-employment, the average monthly income received from self-employment in Adjara, calculated per household, is 194.1 GEL, in Guria 68.6 GEL, and in Samegrelo 95.1 GEL. It is clear that in the selected regions, the amount of income earned from self-employment is very small and that is why the self-employment rate is one of the challenges of employment.

It should be noted that agriculture occupies 1.8% of the jobs created in the business sector, which is quite a low figure and gives us reason to conclude that the jobs created mainly in the agricultural sector come at the expense of self-employment. In addition, the average wage level in the agricultural sector is 40% lower than the average wage level in the business sector, indicating the low productivity of the sector. If we take into account the level of business sector activity in the regions as well as the high rate of self-employment across the country, we can conclude that the agricultural sector is not a large employer at this stage and mainly products are produced by self-employed personnel on small farms.

**Figure7. Data of employees in the business sector in the research municipalities (units)**



<sup>1</sup> Source: Labor Market Information System;  
<http://www.lmis.gov.ge/Lmis/Lmis.Portal.Web/Pages/User/Dashboard.aspx?CategoryID=a4ce629a-6258-4ea3-95cc-bf38d9153a73>

Source: Geostat

As Figure # 7 shows, in the study regions, the relatively high number of employees in the business sector is in Batumi, Poti and Zugdidi, which shows that the business sector is highly developed in these areas. High employment in the business sector in the case of Batumi and Poti is due to the fact that one of them is a resort region and also a port city, and in the other case (Poti), together with the port city, is a free industrial zone. Clearly, these factors increase the activity rate of the business sector compared to other research areas. In addition, these municipalities are characterized by a high level of urbanization compared to other municipalities in the region, which also has a positive impact on the level of business activity.

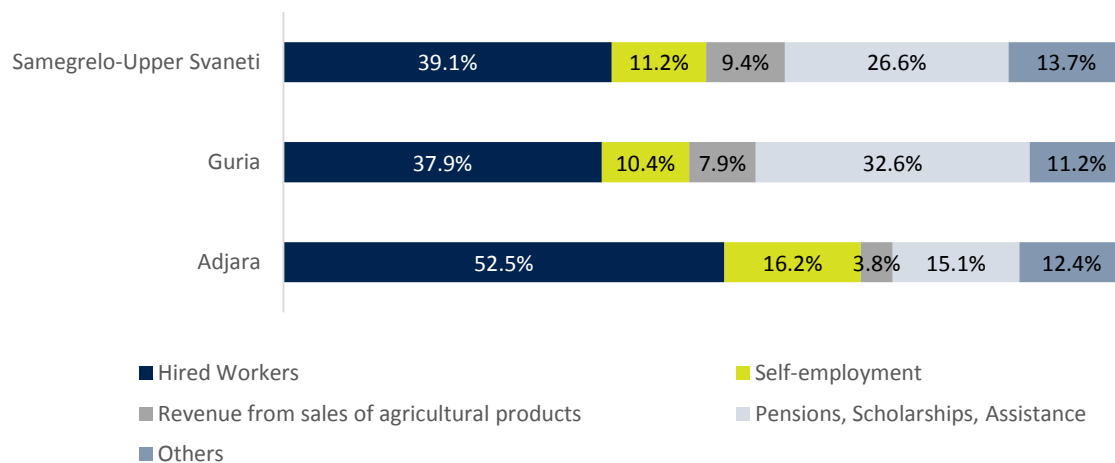
Remuneration is one of the important factors that determines the supply of labor force and the interest of staff in a particular field and position. According to the economic sectors, the following sectors are distinguished by a high level of remuneration: financial activities, professional, scientific and technical activities, information and communication, construction and supply of electricity, natural gas, mining and quarrying. Among the sectors with relatively low pay levels are agriculture and related activities, education, accommodation and catering (hotel, restaurant), water supply, sewerage, waste management and pollution control.

It should be noted that the average monthly nominal salary of employees in the business sector throughout Georgia is 1161.7 GEL. It appears that in all three regions, the average monthly nominal wage is lower than this figure. The lowest salary in the business sector is in the Guria region, where the average monthly salary of employees in the business sector is 672.2 GEL, which is 42% lower than the average salary in the business sector in the country. The average salary in the business sector for Adjara is 1019 GEL (12% less than the national average), while Samegrelo in the Upper Svaneti region is 897.8 GEL, which is 23% lower than the average salary in the business sector across the country.

On the one hand, this has a negative impact on the supply of the labor market, although it is important that the regions are interested in attracting new investment and opening enterprises, as it is possible to attract a relatively cheap labor force here.

The distribution of the average monthly cash income of the population, calculated per capita, by regions, is as follows:

**Figure8. Distribution of monthly cash income of the population, calculated per capita (percentage)**



Source: Geostat

In all three regions, the bulk of the population's income comes from paid employment, although the percentage of income sources varies. In Adjara region, the income from employment is the highest in the income structure of the population (52.5%), which in Guria and Samegrelo the share of income from employment is relatively equal and is 37.9% for Guria and 39.1% for Samegrelo region. This difference indicates different levels of employment market and business sector development between the regions. Guria and Samegrelo regions are characterized by a high share of income received in the form of pensions, scholarships and benefits in the overall structure of the population, which indicates a dire social situation in these regions.

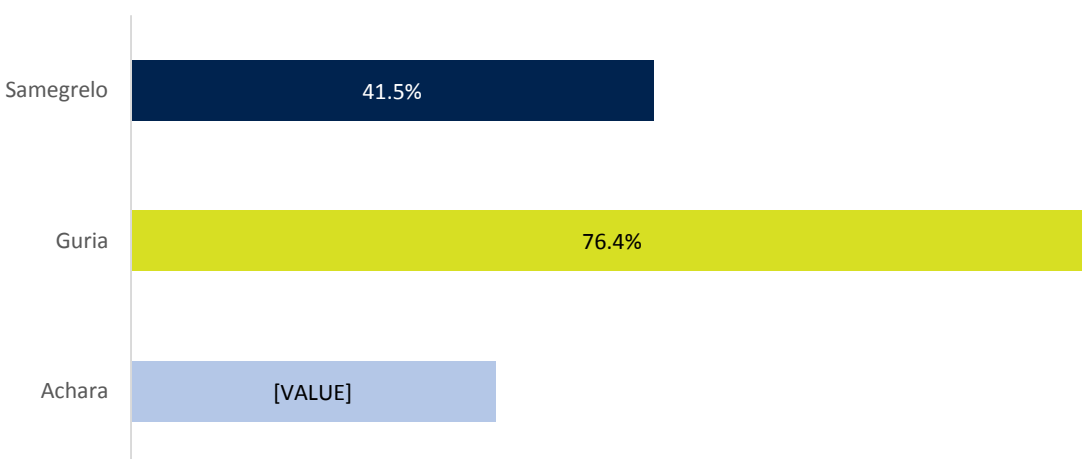
If we take into account the sectoral distribution of employees in the selected regions and the income structure of the population, in which the income from hired labor is quite low in Guria and Samegrelo, and has a high rate of employment in agriculture, the fact Due to lack of new knowledge.

### Social status and vulnerable groups

The social situation in the regions is one of the important factors to assess the potential of labor resources, existing skills, opportunities and the process of socio-economic development of the region. The high proportion of socially vulnerable groups indicates a lack of an active workforce in the region and low employment opportunities.

According to 2020 data, 21.6% of the total population of Adjara, 20.4% of Samegrelo Zemo-Svaneti and 47.4% of Guria are registered in the database of targeted social programs, which indicates a difficult social situation in this region. The share of registered disabled people in the total population of the region indicates the acute social situation. In this regard, Guria and Samegrelo Zemo-Svaneti regions are particularly acute. In the case of Guria, 76.4% of the population of the region is registered in the database of disabled persons or is a person registered in the database of targeted social programs, while in the case of Samegrelo the share of these groups is 41.5% of the total population.

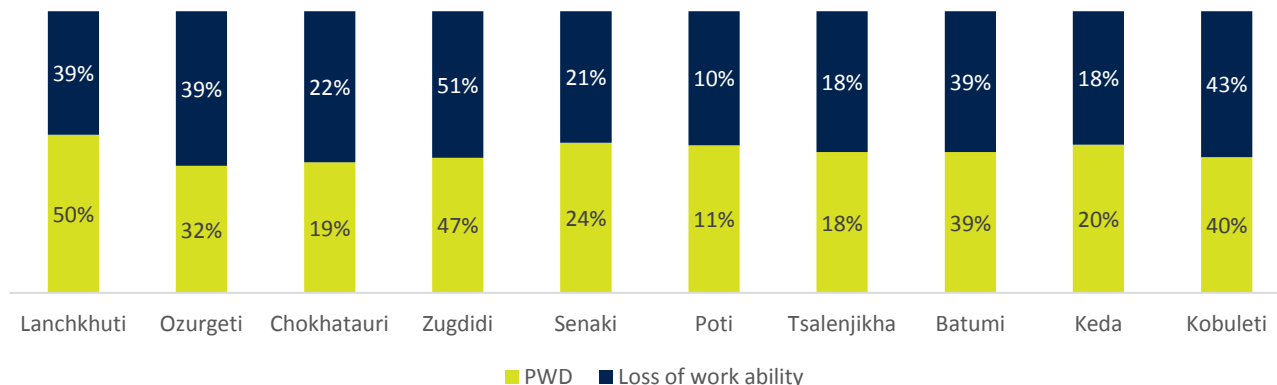
**Figure9. Percentage distribution of people registered with the Social Service Agency and disabled, by the total population, by regions:**



Source: National Statistics Office of Georgia, Social Service Agency

The number of disabled and disabled people is divided by regions as follows: 3,861 disabled people and 25,511 disabled people are registered in Guria, 4,909 disabled people and 34,294 disabled people are registered in the selected municipalities of Adjara, while in Samegrelo region it is 31. The distribution of persons with disabilities and persons with disabilities registered in the region by municipalities is given in Figure # 10.

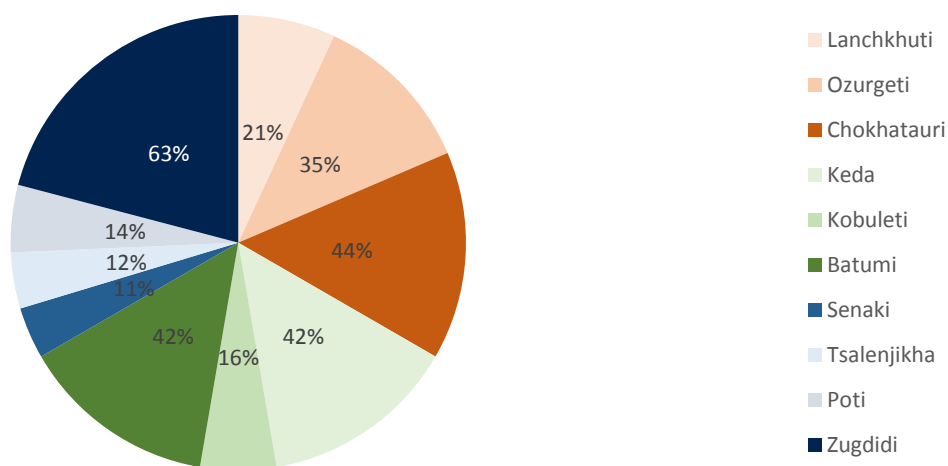
**Figure10. Percentage distribution of people with disabilities and disabled persons in the Social Service Agency by municipalities (interest)**



Source: Social Service Agency

Among the vulnerable groups represented in the regions are also persons with refugee status. In Adjara, the total number of IDPs in the selected municipalities is 10,349, in Guria the figure is much smaller at 521, while the total number of IDPs in the municipalities selected from the Samegrelo-Zemo Svaneti region is 75,812, which is close to the conflict zone. The Figure below shows the distribution of persons with refugee status in the target regions and municipalities.

**Figure11. Percentage of IDPs registered in the region by municipalities**



Due to the large number of vulnerable social groups in the regions and the difficult social situation, the existence of programs focused on the needs of these individuals at the local level is of great importance, which will contribute to the economic empowerment of various social groups and improve living conditions.

The study found that existing social programs at the municipal level are less responsive to the social needs of the local population and are not focused on long-term solutions to social issues. Municipal social programs mainly include one-time social assistance and funding for medical services, as well as non-financial assistance to vulnerable groups.

The study, in consultation with local government officials and an analysis of budget programs, revealed that there are no employment and education support programs at the municipal level to help empower vulnerable groups and integrate them into the labor market. Whenever possible you should have all four of these components in place for launch to maximize profits and benefits.

Involvement of self-governments is less, also in terms of non-formal education. The needs of the population are not studied using appropriate tools. In this case, the link identifying the needs is the non-governmental sector, and if this sector is strong, the involvement of the municipality also increases.

It should be noted that the active involvement of local governments is important in terms of encouraging cooperation between investors and the education sector. This is confirmed by the successful example of the Guria region, where with the involvement of the representatives of the municipality, investors were connected with vocational colleges in order to develop professional training programs as a result of joint cooperation to prepare the necessary qualifications for investors. However, at this stage, examples of these successes are rare, as municipal agencies do not work proactively to develop the labor market and promote employment.

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### **Example of good practice: Ozurgeti Municipality**

In the case of Ozurgeti Municipality, through the municipality, the investor was connected to the college "Horizon" in the region. It was important for the investor to have an appropriate base for potential labor resources and staff training. Because the amount of investment planned by the investor was high and a significant number of jobs were planned to be created, this collaboration was mutually beneficial for both the investor and the professional college. Accordingly, within the framework of the cooperation, a professional program for the study of sewing was developed, which is still valid today and trains relevant qualified personnel.

It should be noted that the successful cooperation in this example was due to the high amount of investment and the guarantee that the required number of jobs would be created in a particular direction, which is less expected in the case of small and medium-sized businesses. Accordingly, in order to strengthen cooperation between small and medium-sized businesses and vocational schools, it is possible to establish cooperation with the help of an intermediate link. For example, it is possible to create a union of relatively small and medium-sized employers and / or an association, which will act as a kind of mediator between educational institutions and potential employers. A similar intermediate link will

identify the need for shortages in the field and, in cooperation with the education sector, will be able to develop appropriate programs.

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### Vocational education and key highlights

Vocational training programs and institutions play an important role in shaping the labor market and shaping its structure. The latter has the ability to create working capital, which greatly increases its role. Vocational training / retraining opportunities help to provide the skills required in the labor market and eliminate staff shortages. Vocational education is presented in many countries as a means of career advancement and professional development, which is a factor in promoting employment. Vocational education is recognized as a tool for delivering qualified personnel and therefore its role is important for the development of economic sectors. Based on the above, the introduction and development of vocational education can be considered as one of the main tools to combat unemployment.

According to the National Statistics Office of Georgia in 2019, there are 16 vocational education institutions in Adjara, both private and public. There are four educational institutions in Guria / Racha-Lechkhumi and Kvemo Svaneti / Mtskheta-Mtianeti, while six existing vocational educational institutions are registered in Samegrelo.

Samizme has 16 operating vocational education institutions in 10 municipalities, 10 of which are located in Batumi, 3 in Zugdidi, 2 in Poti and one each in Ozurgeti, Kobuleti and Tsalenjikha.

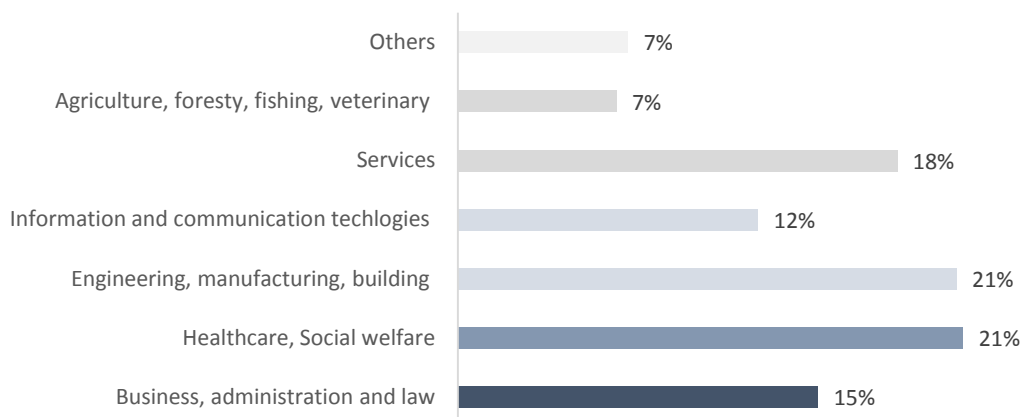
As of 2020, a total of 185 vocational education programs were implemented in all three regions. Of these programs, 22 qualification programs in agriculture, forestry, fisheries and veterinary medicine are presented. Other programs are distributed as follows: 37 programs in Business Administration and Law, 42 qualifications in Engineering, Manufacturing and Construction, 23 in Information and Communication Technologies, and the rest in Health, Education and Services.

As for the regional distribution, 9 educational programs are implemented in Adjara in the field of agriculture, forestry, fisheries, veterinary medicine, while 13 programs are available in Samegrelo Zemo-Svaneti region. Information and communication technology programs in the regions are distributed as follows: Adjara-10, Guria-2, and Samegrelo Zemo-Svaneti-11. 19 qualification programs of engineering, production and construction are presented in Adjara, 3 qualification programs are implemented in this direction in Guria, and 20 valid professional programs are available in Samegrelo Zemo-Svaneti region.

To assess students' interest in professional programs, it is important to analyze the distribution of enrolled students in various qualification programs.

According to 2020 data, the total number of students enrolled in professional programs in Adjara is 1615 people, in Samegrelo Zemo-Svaneti 691 students were enrolled, and in Guria 156 students were enrolled. The distribution of students by programs, given in Figure # 12, clearly shows that the existing programs in the fields of health, engineering and services in the selected regions are of higher interest than other programs. This trend is observed throughout the country, which supports the view that students' interest in agricultural education programs is low.

**Figure12. Distribution of enrolled students by programs (interest), 2020**



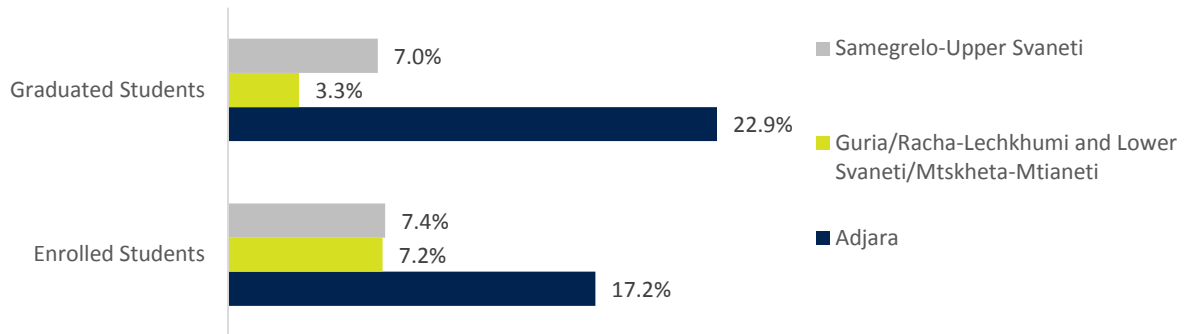
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*Source: Geostat*

It is noteworthy that there are few professional programs that provide the necessary qualifications for the processing of agricultural products, such as food technology, tea technology, agronomy, agro-mechanization and laboratory specialties. These programs are presented only in Samtskhe-Javakheti, Guria and Samegrelo regions. Existing programs allow graduates to study the professions of Tea Processing Technologist, Fish Processing Specialist, and Fishery Technician and obtain relevant qualifications.

According to Geostat 2020 data, 7.2% of students enrolled in vocational colleges in Georgia come from Guria, Mtskheta-Mtianeti, Racha-Lechkhumi and Kvemo Svaneti regions. As for Adjara, the share of students enrolled in professional programs in the region is 17.2% of the total enrollment in the country, while in Samegrelo-Zemo Svaneti region this figure is 7.4%.

**Figure13. Share of regions in the total number of students and graduates enrolled in vocational colleges (percentage)**



*Source: Geostat*

If we take into account that the data of Guria are given together with other regions, it is clear that vocational education in Guria region is less developed compared to other regions, which in turn is explained by the lack of educational institutions and consequently the lack of vocational education programs.

It is interesting to compare Adjara and Samegrelo Zemo-Svaneti regions. As Figure # 13 shows, 17% of the total number of enrolled students is enrolled in Adjara, which is partly due to the abundance of vocational education institutions in the region. Should be 10%. This is due to the geographical location of educational institutions, as most of them are concentrated in administrative centers and large cities. Out of 6 vocational education institutions in Samegrelo, 3 are functioning in Zugdidi, 2 in Poti, and 1 in Tsalenjikha and Mestia.

It is important to compare the dynamics of the number of enrolled students. It was revealed that the number of enrollees in vocational education institutions has been decreasing since 2017. In 2016-2019, the number of students enrolled in vocational education programs decreased by 26%, while in 2020 this figure decreased even more, and in total, the number of students enrolled in 2016-2020 decreased by 40%, indicating that across the country, vocational Interest in education is reduced.

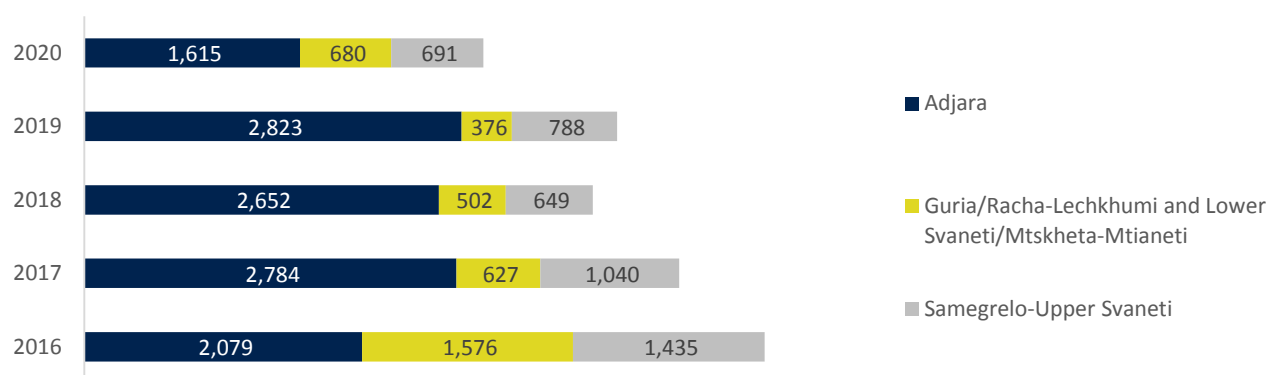
There are no separate data on the number of students enrolled in vocational schools for the Guria region<sup>2</sup>, which is directly due to the lack of this indicator, therefore it is impossible to determine the dynamics of enrollment in vocational schools in the Guria region at this stage. At this stage, the data of enrollment in vocational schools for the regions of Guria, Samtskhe-Javakheti, Racha Lechkhumi and Kvemo Svaneti are given in total, although the enrollment rate for all three regions will decrease from 2017. The number of enrollees in 2018 in the same region is characterized by a 20% decrease, which also continues in 2019 and the decrease rate reaches 25%.

It should be noted that in 2020, the number of enrollees in the Guria region in 2020, compared to the previous year, increased by 81% and amounted to 680 enrolled students. Since the enrollment statistics are not separate for the Guria region and reflect the general data of several regions, at this stage it is

<sup>2</sup> Guria data is not provided separately and combines data on Racha-Lechkhumi and Kvemo Svaneti/ Kakheti/ Mtskheta-Mtianeti regions

difficult to conclude that the increase in the number of enrolled students occurred only in the Guria region.

**Figure14. Number of enrollees in vocational education institutions in the regions, by years (units)**



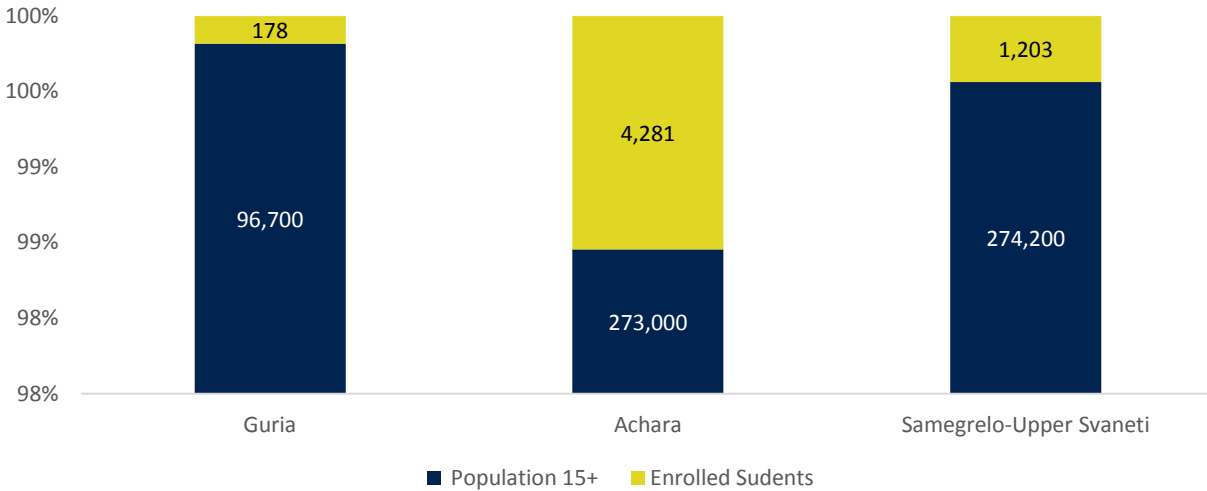
*Source: Geostat*

As for Adjara, compared to 2016, the enrollment rate in 2017 increased by 34%, although this was due to the increase in the number of educational institutions (from 9 to 15). In the following years, mainly stable situation is observed and changes in 2017, 2018, 2019 are true, albeit small, but characterized by an upward trend. However, the number of students enrolled in 2020 has decreased by 57%. It should be noted that the number of educational institutions in the region changed in the same years, therefore, this figure is directly linked to this change.

There has been no radical change in the number of educational institutions in the Samegrelo-Zemo Svaneti region. In 2016, 2017 and 2018, enrollment figures were down 38%, although in 2019, compared to 2018, the figure increased by 21%, given that the number of vocational education institutions in the region was reduced by three. Which gives us reason to conclude that the interest in vocational education programs in Samegrelo is higher and more stable than in other regions, despite the fact that the number of students enrolled in 2020 is reduced by 12%.

In 2020, a study was conducted on the socio-economic status of vocational education students, the results of which clearly show that in all three study regions, as well as across the country, public interest in vocational education programs is quite low (see Annex, Table # 7).

**Figure15. Number of registrants in vocational colleges, by region, 2019**



*Source: Ministry of Education, Science and Sports of Georgia*

A survey conducted by the Ministry of Economy and Sustainable Development of Georgia on the Skills Enterprise Demand Survey, which surveyed 9,000 companies across Georgia, found that 14.2% of those employed had a vocational education and higher education. And 57.8% and 28% of employees with secondary education. The low employment rate of vocational school graduates is partly due to the fact that the skills acquired under vocational programs do not meet the requirements of the labor market, and employers are generally skeptical of vocational school graduates because they believe that the qualifications of this contingent are not sufficient.

It is noteworthy that the same study found weak cooperation between employers and vocational schools, which also complicates the development of programs tailored to the needs of the labor market and employment opportunities for vocational college graduates. Among the surveyed enterprises (9000 enterprises) only 2% cooperate with a vocational education institution. In terms of regions, in terms of cooperation between vocational colleges and business, after Tbilisi, Adjara leads (16%), followed by Kvemo Kartli (10%), Samtskhe-Javakheti (5%), Imereti (4%), the rest of the regions (12%).

### Perspectives on the development of work-based learning

One of the directions of vocational education in Georgia is job-based education, which has been introduced in Georgian vocational schools since 2016. This method, along with theoretical knowledge, will enable the development of practical skills, which enhances the possibility of future employment. In addition, another important advantage of this method is the ability of the business sector to be involved in the development of programs, as well as implementation, control and quality assurance. In addition, the work-based teaching method facilitates the process of finding and training the necessary personnel from business entities operating in different sectors, regardless of the size of the enterprise, which in turn is a necessary condition for the development of the enterprise and the economy as a whole.

Forms of job-based learning are: practice, internship, simulation, etc. The most developed form of job-based learning is dual vocational education, which has the potential to respond to the needs of the labor market, as both the state, the business sector and civil society are involved in its formation.

There are about 70 dual programs in the study region, combining areas such as engineering, manufacturing, construction, business administration and law, agriculture, fisheries, forestry and veterinary medicine. In terms of narrow specialties, dual programs are implemented in the field of accounting, hotel and restaurant services, welding, culinary arts, decorative gardening, assembly, installation of monolithic structures.

Due to the fact that agriculture is one of the most important sources of income for the population in the study regions and at the same time has the potential for development, the training of qualified personnel in this field is one of the important factors in terms of increasing productivity and competitiveness of the sector. The study revealed that there is a significant deficit in the field of agriculture in terms of personnel with sectoral knowledge, which is particularly acute in small and medium-sized enterprises. Most of the surveyed enterprises in the field of agriculture observed demand for such specialties as:

Agronomist (berry crops (strawberry and blueberry), floriculture, viticulture, greenhouse crops, horticulture), as well as soil scientist, microbiologist, ichthyologist, poultry and livestock veterinarian, fish farmer and fish farmer and farmer Survivor, Tea, Wine, Dried Technologist and also Sommelier.

Meeting these needs, especially small enterprises, is carried out with their own resources, with on-site staff training. Since the work-based teaching method implies the acquisition of practical skills in enterprises, it is clear that the need to introduce and expand this method is on the agenda. Consequently, with the right communication, it is possible to expand cooperation between the educational and private sectors and eliminate existing staff shortages through practice-based training at a relatively lower cost.

However, it should also be noted that the survey of business entities revealed that their level of awareness about vocational education programs and work-based teaching methods is quite low. This is due to the lack of communication between vocational education institutions and the business sector. Therefore, in order to strengthen close sectoral cooperation, it is first and foremost important to raise awareness of the potential benefits of vocational education programs and work-based teaching methods, as well as to gradually establish closer cooperation between the private sector and educational institutions.

## **Economic development potential of selected regions**

The level of development of the business sector, available resources, geographical location are the factors that affect the economic development potential of the region. This subsection provides an overview of the economic potential of the target regions.

### **Adjara**

Adjara region is one of the fastest growing regions in terms of economic potential. Today, tourism, manufacturing, construction, energy and agriculture are the sectors that create economic development potential across the region.

It should be noted that despite the sharp development of tourism trends in the Adjara region, the existing potential is not fully realized at this stage. Mostly, the majority of visitors come from seaside resorts, while there are interesting locations throughout the region that have untapped potential for tourism development.

Among the factors contributing to tourism are the existence of a variety of protected areas and national parks, such as the Mtirala and Machakhela National Parks, as well as the Kobuleti and Kintrishi Protected Areas, which have considerable potential to attract both local and foreign visitors. In addition, the promotion of protected areas and the growth of tourism will contribute not only to the financial sustainability of the directly protected areas, but also to the improvement of the socio-economic situation of the population living in their surrounding areas. This potential can be harnessed by improving local infrastructure, which will facilitate access to potential tourist sites, as well as by diversifying tourism products and services.

Today, the share of agriculture in the region's GDP is 4%, while the income from the production of agricultural products occupies a rather insignificant share in the income of the population of the region. This is due to the high level of development of tourism and services compared to other sectors, due to which most of the population of the region is employed in the field of tourism and services.

Although the level of agricultural development lags significantly behind the development of other sectors, it can be said that the natural conditions and geographical location of the region create favorable conditions for the development of primary production of agricultural products and processing industry.

From the agricultural sub-sectors in Adjara there are favorable conditions for the production of such products as tea, citrus crops and nuts, honey, blueberries, grapes. Today, the Adjara region ranks first in terms of primary citrus production, and second only to Guria in terms of tea production. It should be noted, however, that with the first production, it is important to develop agricultural processing activities. In addition, it is important that the geographical location of Adjara and the existence of the port city create a favorable environment for the export of products, using both sea and land and air transport. This circumstance allows for the development of warehousing and refrigeration farms, where the product will be stored and stored for further export to markets.

Also, Adjara has the potential to develop fisheries, the development of which is hindered by limited access to appropriate food bases. However, with the development of the sector, the increase in demand for fish feed may contribute to the development of artificial feed production and the integration of a single value chain. In addition to the availability of raw materials, it is important to transfer modern knowledge and technologies to ensure the productivity and competitiveness of the sector. Therefore, it is important to

introduce modern methods of production in these sub-sectors, increase farmers' knowledge in business management and entrepreneurship, which will help to effectively manage sales channels and establish a place in the key product market.

Despite the existing potential, the development of the above-mentioned fields is impossible without the development of labor capital. Therefore, it is necessary to gradually ensure the competencies and skills of local staff to meet the requirements of the labor market. This can be achieved through both short-term and long-term vocational training programs based on both theoretical and practical teaching methods. In addition, in order to increase the productivity and competitiveness of the agricultural sector, it is important to develop refrigeration and warehousing, establish logistics centers and increase access to agricultural consulting services, which will contribute to the development of modern knowledge in the field, refinement of technological processes.

### **Samegrelo Zemo-Svaneti**

Samegrelo Zemo-Svaneti geographical location and natural conditions create a significant potential for economic development of the region. Samegrelo Zemo-Svaneti region is located at the crossroads of transport corridors, in addition, the ports of Poti and Kulevi operate in the region, which handles and handles 75% of the cargo transported by sea. In addition, the existence of the Poti Free Industrial Zone creates an important precondition for the development of production. These factors contribute to the high share of transport and warehousing activities in the region's GDP, which is 20%.

Favorable natural climatic conditions are presented for the development of agriculture in the region, especially for the vegetation sector. Today, the share of the agricultural sector in the region's GDP is 13% and ranks second with this figure. In the field of agriculture, the region mainly develops corn and hazelnut production. The region is in a leading position in the country in terms of production of these crops.

Also, livestock is developed in the region, mainly cattle and pigs. Samegrelo-Zemo Svaneti region is in the leading position in terms of cattle and pig population <sup>3</sup>.

In addition, it is noteworthy that beekeeping is gradually developing in the region. In 2016-2019, the number of bee families in the region has increased by 39%. According to the data of 2019, the number of bee families in the region exceeded 39 thousand ska and with this indicator, the Samegrelo-Zemo Svaneti region, after Imereti and Kakheti, ranks third.

In addition to the existing sectors, the natural-climatic conditions in the Samegrelo region allow for the development of crops such as laurel, which is one of the most demanded export products. In 2019, based on the analysis of the laurel value chain in Samegrelo and Zemo Svaneti region, it was revealed that the production of this crop has a fairly high profit margin (76%) and has the potential to earn 7,500 GEL per hectare per year.

Despite the potential of the agricultural sector, it can be said that low productivity, scarcity of modern knowledge and technologies, weakness of the value chain hinders the competitiveness of the sector. Consequently, this field is characterized by low productivity, which is due to outdated and depreciated genetic material, low awareness of technologies, low availability of financial resources, lack of receiving and processing enterprises. Consequently, it is important for the competitiveness and

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<sup>3</sup> Source: National Statistics Office of Georgia, Regional Statistics, see link: <https://www.geostat.ge/ka/modules/categories/93/regionuli-statistika>

development of the sector to establish a strong value chain, which includes the availability of raw materials and equipment, as well as the development of agricultural processing enterprises, warehousing and refrigeration facilities. In addition, it is important to promote the development of greenhouses and nurseries to facilitate the production of vegetables and horticultural crops.

As the availability of knowledge and information plays an important role in the introduction of modern technologies and approaches in the field, it is advisable to develop consulting and service centers that provide the necessary information to local entrepreneurs and farmers and provide consulting services on modern methods of product production and storage. Implementing this in the region will help to strengthen existing production, as well as increase the yield of crops such as feijoa, persimmons, grapes, as well as several times the yield of vegetables and horticultural crops.

It should be noted that with the first production, the development of the processing industry, warehousing and refrigeration in the agricultural sector is important, which will contribute to the formation of a strong value chain and increase the profitability of the sector. At this stage, the processing enterprises in the region are focused only on hazelnut processing. Tea and grape processing is done only on a small scale.

In addition, there are high opportunities for tourism development in the region, which is due to the presence of Anaklia and Ganmukhuri sea resorts on the one hand, and the presence of Kolkheti National Park, Martvili Canyons and Tobavarchkhil Lakes, various cultural and historical monuments on the other hand. Despite the existing potential, today tourism and related services account for a negligible share of the region's gross domestic product, due to the scarcity of tourism services and products. Today, the Samegrelo-Zemo Svaneti region ranks 7th in terms of the number of local visitors, while in terms of the number of foreign visitors it ranks last compared to other regions<sup>4</sup>.

In terms of tourism, the region is mainly developed in the Svaneti region, Mestia, Ushguli and nearby villages are recognized as one of the most interesting tourist locations and are popular among both local and foreign visitors. As for the Samegrelo side, it is relatively less developed in terms of tourism.

Despite the large number of visitors, Samegrelo and in particular the Kolkheti lowlands have untapped tourist potential. This is due to the existence of protected areas, as well as the abundance of archaeological and cultural monuments. Today, Martvili Canyon is one of the protected areas, which is quite popular among tourists. At the same time, the ecotourism potential of Kolkheti National Park is relatively underused, where many species of birds gather and it is an interesting location for birdwatching enthusiasts (Birdwatching). In addition, local conditions allow the development of various types of tourism services, e.g. Amateur fishing, equestrian tourism, sport sailing and more.

The development of tourism services and infrastructure plays an important role in harnessing the tourism potential of the region, which will target both local and international visitors. All this will contribute to the development of the region's tourism potential and the development of the hotel and catering sector. However, it should be noted that in order to promote the development of tourism, it is important to popularize these locations, on the one hand locally and on the other hand internationally.

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<sup>4</sup> Source: National Statistics office, Tourism Statistics. Cf. Link: <https://www.geostat.ge/ka/modules/categories/100/turizmis-statistika>

## Guria

In terms of economic development, Guria lags significantly behind other regions. The share of products created in the Guria region is 1.7% of the total GDP of the country, which is quite low and indicates the low economic development of the region <sup>5</sup>.

Agriculture and real estate activities account for a major share of the region's GDP. In the field of agriculture in the region are mainly grown corn, vegetables, nuts, tea and citrus fruits (mandarins, lemons). It should be noted that in 2016-2019, tea leaf production in the region has almost doubled, although it is still quite small and amounts to 800 tons per year. It should be noted that the subtropical climate and natural conditions of the region are a prerequisite for the development of crops such as tea, citrus, berry crops (blueberries), persimmons, olives, avocados, as well as bamboo, eucalyptus and laurel, which are also quite demanding and expensive products <sup>6</sup>.

In recent years, the production of berry crops has become quite popular, which is one of the most expensive products and is in great demand in both local and international markets. The highly acidic soil and climatic conditions in Guria create quite promising opportunities for the development of blueberry production and also for the creation of a rather strong value chain, which includes the supply of raw materials and equipment for production, as well as secondary processing, storage and sale.

Despite the existing potential, the low level of productivity in the agricultural sector poses a significant challenge to the development of the sector. This is due to the concentration of activities mainly on small farms, which do not have sufficient resources to produce a sufficient number of products to ensure supply continuity, which reduces the key capacity of the product. In addition, lack of knowledge and information, lack of qualified staff are also limiting factors in the development of the field.

It should be noted that for the development of the agricultural sector in the region, it is important to promote the provision of information and knowledge in areas such as modern methods of crop management, especially in the field of berry crops (blueberry production), as cranberry production technology is quite specific and requires knowledge of crop production. About storage methods to ensure quality product reception.

Although the region is not known for its large number of large businesses in agriculture, this factor can be used as a competitive advantage, with primary production focusing not on large-scale and large-scale production but on small-scale, environmentally friendly products that are in high demand in international markets.

In addition to agriculture, the region also has untapped potential for tourism. The influx of tourists is mainly concentrated in the Black Sea resort area, while the mountainous and rural landscapes and natural conditions of the region allow for the development of small, short-term tours for both local and international visitors. In addition, the proximity to the Black Sea resort of Adjara allows you to attract existing tourists by offering one- or two-day tours. A good example of this is the "Tea Road" tourist route created in Ozurgeti Municipality, which involves visiting small tea processing enterprises and tasting their products, as well as a wine tour in Chokhatauri Municipality, which involves visiting small wine cellars

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<sup>5</sup> Source: National Statistics office, Cf. Link: <https://www.geostat.ge/ka/modules/categories/23/mtliani-shida-produkti-mshp>

<sup>6</sup> Source: Guria Regional Development Strategy, 2014-2021, Cf. Link: <http://guria.gov.ge/res/docs/2014072514140650315.pdf>

and visiting their products<sup>7</sup> Despite some steps, it is important to take measures such as infrastructure development, diversification of tourism services and products, as well as popularization of places with tourism potential, in order to fully realize the tourism potential of the region.

In addition to agriculture and tourism, the region has the potential to develop a manufacturing industry, which in turn is facilitated by the availability of cheap labor at the regional level. In the industrial direction, it is important to develop the food industry, which is directly linked to the development of primary production of agricultural products. This will help create a strong value chain in the industry and increase product key capabilities. It is important to develop the industrial direction in the region, which on the one hand provides processing, storage, packaging and preparation for sale of agricultural products, and on the other hand the existence of cheap labor in the region, enables the production and supply of raw materials to existing processing plants.

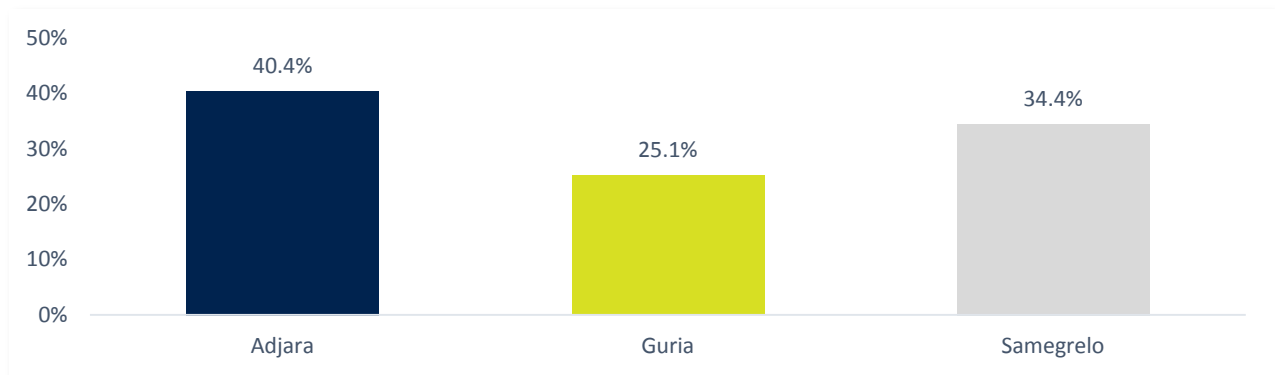
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<sup>7</sup> Source: Guria Regional Development Strategy Implementation Monitoring Report, see Link <https://www.asocireba.ge/files/SYS-GC-Guria-Regional-Strategy-Monitoring-2019n.PDF>

## Quantitative research results

Within the quantitative survey, 184 business entities were interviewed, of which 40.4% were interviewed in Adjara region, 34.4% in Samegrelo, and 25.1% of the total number of respondents in Guria region. This figure in Guria is due to the fact that compared to other selected regions, there are more enterprises in Guria that have ceased to function, which indicates a relatively low level of business sector development.

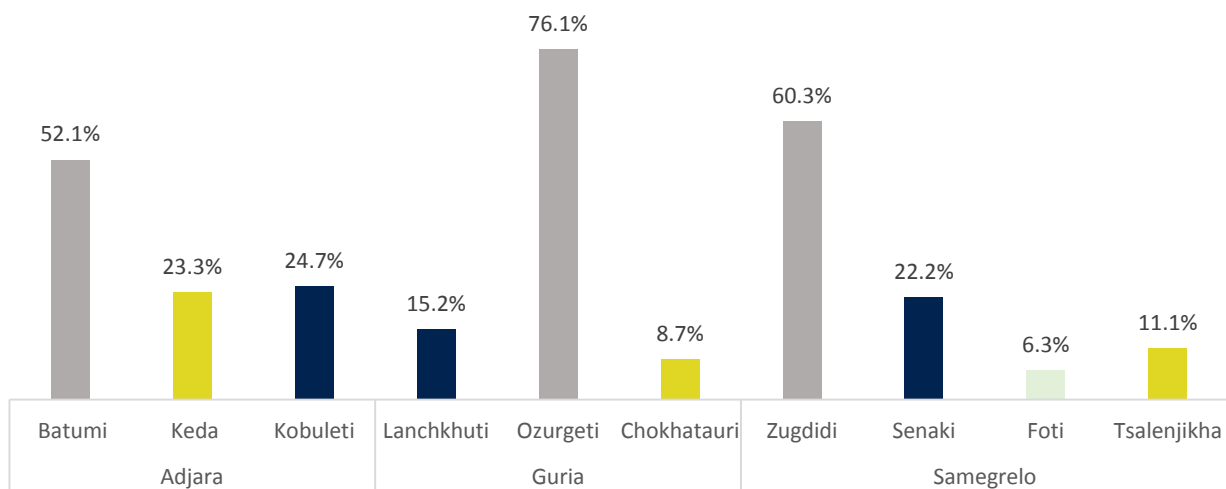
**Graph1. Distribution of respondents within the study by regions**



*Source: PMO Analytics*

Figure # 2 shows that most of the respondents operate in the administrative centers of the regions, therefore, out of the total number of respondents in Adjara, 54% were interviewed in Batumi. The rate is similar in Samegrelo, where the share of Zugdidi is 60%, while the rate of the administrative center of Guria region reaches 76%. From the same graph, it can be seen that the distribution of the business sector in the Adjara region is relatively equal among the municipalities, while the situation in Samegrelo and Guria is the opposite, which indicates the weak development of business in the district.

**Graph2. Distribution of surveyed business entities by municipalities**

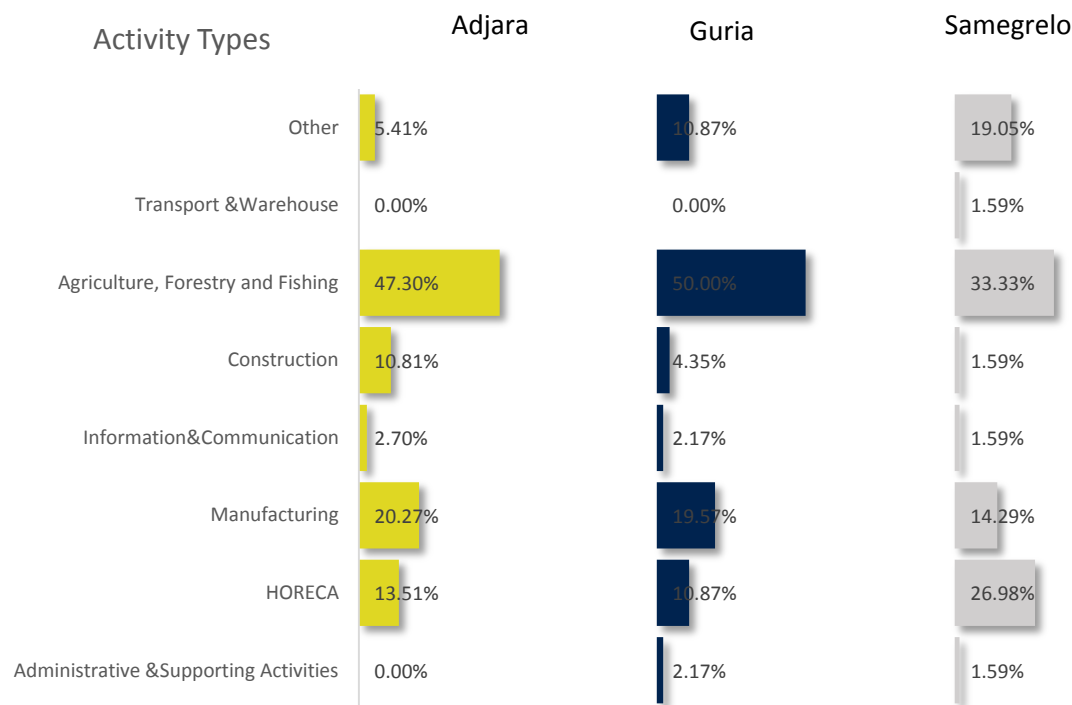


*Source: PMO Analytics*

The sectoral distribution of the surveyed businesses mainly includes agriculture, hotel and catering activities and the processing industry. However, for the purposes of the study, the subjects that cooperate with the education sector were added to the selected sectors. Consequently, sectoral coverage has expanded further in the quantitative research, and among the business entities surveyed are organizations operating in the construction, health, and transportation and warehousing industries.

Among the respondents, 47% in the Adjara region is operating in the field of agriculture. In Guria, this figure is 50%, while in Samegrelo, the share of agricultural businesses in the total number of respondents is 33.3%. This data is due to the fact that in addition to the field of agriculture in Samegrelo, the research focused on the field of accommodation, which included small family hotels.

**Graph3. Distribution of surveyed business entities by regions**

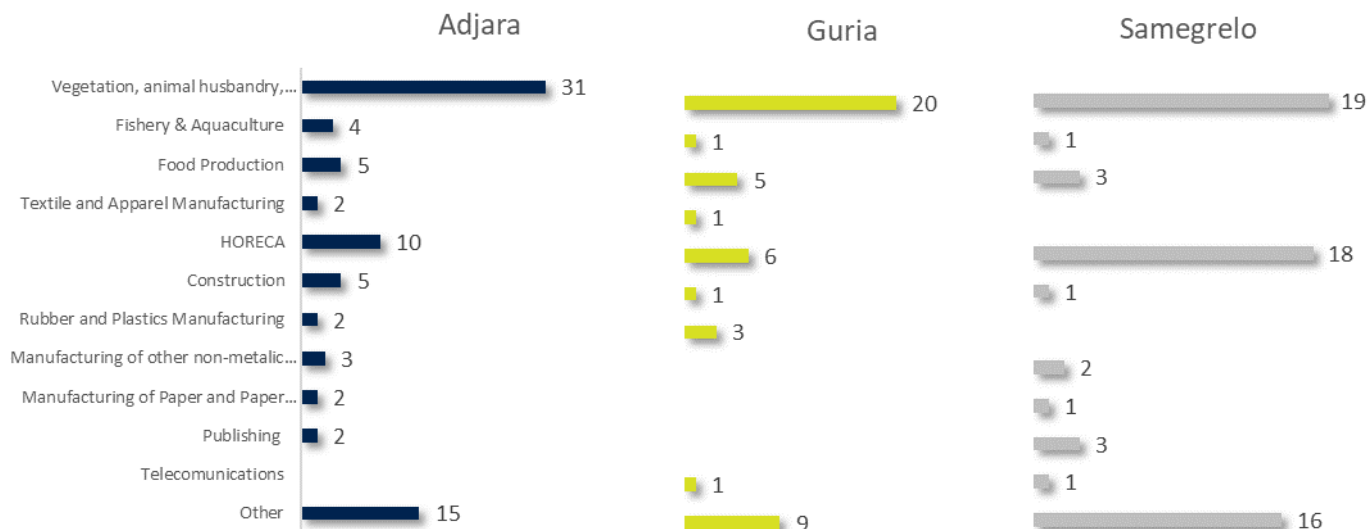


*Source: PMO Analytics*

Most of the selected sectors in all three regions were surveyed by organizations providing plants, livestock and related services. However, the largest number of organizations operating in these sub-sectors was surveyed in Adjara and included 31 business entities. In Guria, the number of respondents in the mentioned sub-sector is 21 business entities, while in Samegrelo 19 business entities were surveyed.

It is noteworthy that most of the respondents from the sub-sectors of the processing industry are food manufacturing companies, while other sub-sectors, such as paper, textiles and clothing, plastics and other non-metallic products, are underrepresented in all three regions, indicating manufacturing of processed foods. Higher level of activity development compared to other sub-sectors of the industry.

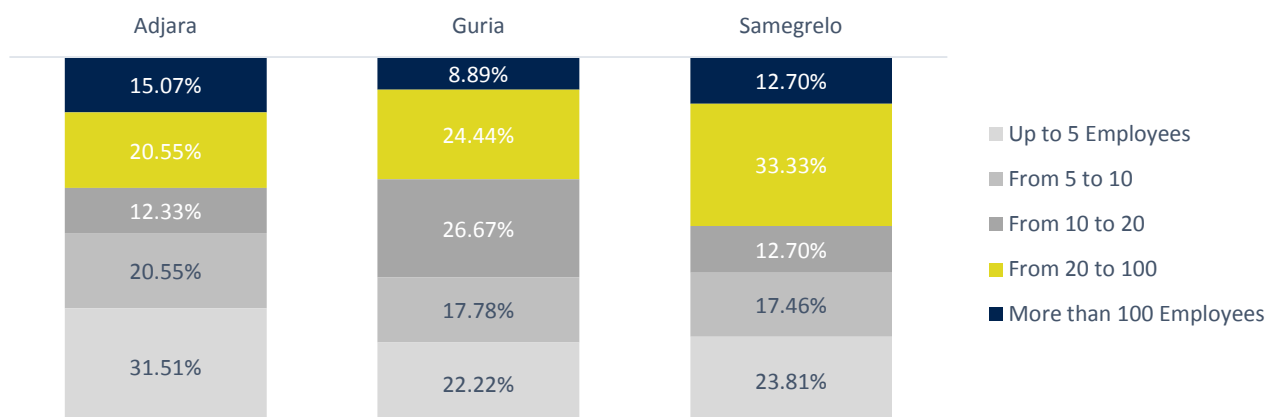
**Graph4. Number of business entities surveyed by regions and areas of activity**



Source: PMO Analytics

Significantly, according to the survey, there are more than half of small businesses in all three regions, with 5 to 20 employees. 54% of such companies are represented in Samegrelo, 66.7% in Guria and 64.4% in Adjara. Consequently, it is clear that small business entities are highly developed in all three regions, while the share of large employers is quite low. At the same time, it is noteworthy that in Adjara, compared to other regions, the share of large employers (more than 100 employees) is more or less high at 15.1%, in Samegrelo it is 12.7%, while in Guria it is the lowest and only 8.9% of the total number of respondents. These indicators are due to the fact that That large hotels and construction companies were included in the study area in Adjara. In Samegrelo, in addition to the processing industry, companies operating in the field of pharmacy were also interviewed, which are one of the largest employers.

**Graph5. Surveyed business entities by number of employees and regions**



Source: PMO Analytics

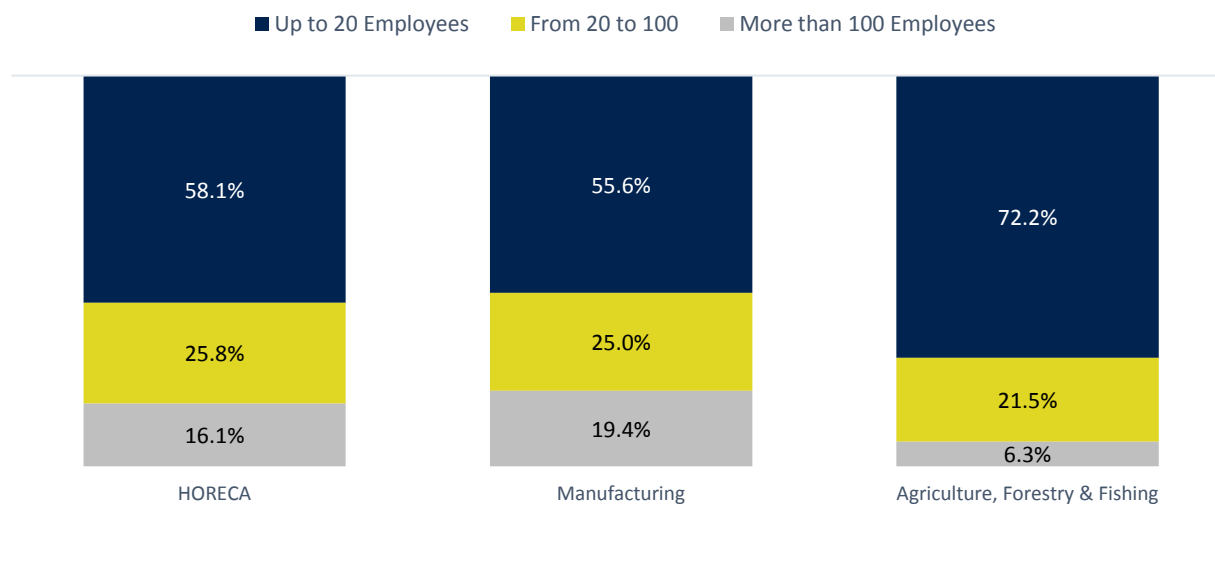
For research purposes, a medium-sized business is a company with a staff of between 20 and 100 employees. Accordingly, more than 33% of medium-sized companies were surveyed in Samegrelo, 20.5% in Adjara and 24.4% in Guria.

It is noteworthy that compared to other regions, medium-sized companies in Guria are mainly represented in the field of agriculture. Whereas, the field of activity of medium-sized business entities in Adjara and Samegrelo is more diverse and includes the processing industry, as well as construction, information and communication.

According to the research sectors, the number of small enterprises is the highest in the field of agriculture. The number of employees in small companies does not exceed 20 employees. The share of small organizations surveyed in the agricultural sector is 72% of the total number of respondents. As for the share of large organizations surveyed in the agricultural sector, their number is 6.3% of the total number of respondents surveyed in the field. While the share of large companies in the total number of respondents in the manufacturing sector is 19.4%, while in the hotel and catering sector, large companies account for 16.1% of the total number of respondents. As for the distribution of medium-sized businesses in all three selected sectors, their share in the total number of respondents ranges from 20% to 25%.

Consequently, we can conclude that business entities in the agricultural sector are not large employers, as most of them are small enterprises. As for the manufacturing industry and the hotel and catering sectors, most of them are medium and large employers, which clearly indicates the level of development of the sector and the pronounced existence of employment prospects.

**Graph6. Surveyed business entities by number of employees and fields**



*Source: PMO Analytics*

The survey found that the majority of respondents, in all three regions, are looking for staff based on personal contacts and recommendations. This practice is widely used in the Guria region and is used by 86.5% of respondents, while in Adjara the figure is 64%. 54.5% of respondents from Samegrelo region use personal contacts to find staff.

According to the vacancy, 28.2% of respondents in Adjara and 34.1% in Samegrelo name the spread of information on the Internet, while in Guria 16.2% use this method, which gives grounds to assume that in

Guria region, compared to other regions, Internet communication mechanisms are less widely used. Mechanisms for finding staff based on contacts and recommendations.

Some companies also apply to employment agencies in the process of finding staff. 13.5% of the respondents in Guria said that they apply to the Employment Agency when looking for staff, while in Samegrelo only 4.5% of the respondents apply to the mentioned resource. It is also interesting to note that the assistance of employment agencies is the highest in Adjara and it was named by 33% of the respondents, which indicates a relatively high level of business development of employment agencies in the region. It is important to note that a small proportion of the surveyed organizations work with educational institutions to find staff with the necessary skills. Among the respondents surveyed by regions, the share of organizations that cooperate with educational institutions in the recruitment process is distributed evenly: 23% in Adjara, 2 in Guria.

After being asked about ways to find staff, respondents listed possible answers about ways to find staff. It turned out that 43% of employers in Adjara apply to staff voluntarily, in Guria the share of such companies is 40.7%, and 55% of companies surveyed in Samegrelo apply staff voluntarily.

48% of respondents face problems in the process of finding new staff. In addition, as the most commonly used method of recruiting personnel - personal contacts and referrals, it gives us reason to conclude that the issue of recruitment is one of the challenges for businesses in all three regions. Due to the fact that most often business entities find staff in the reference circle and rarely post vacancies, this limits the employment opportunities for job seekers.

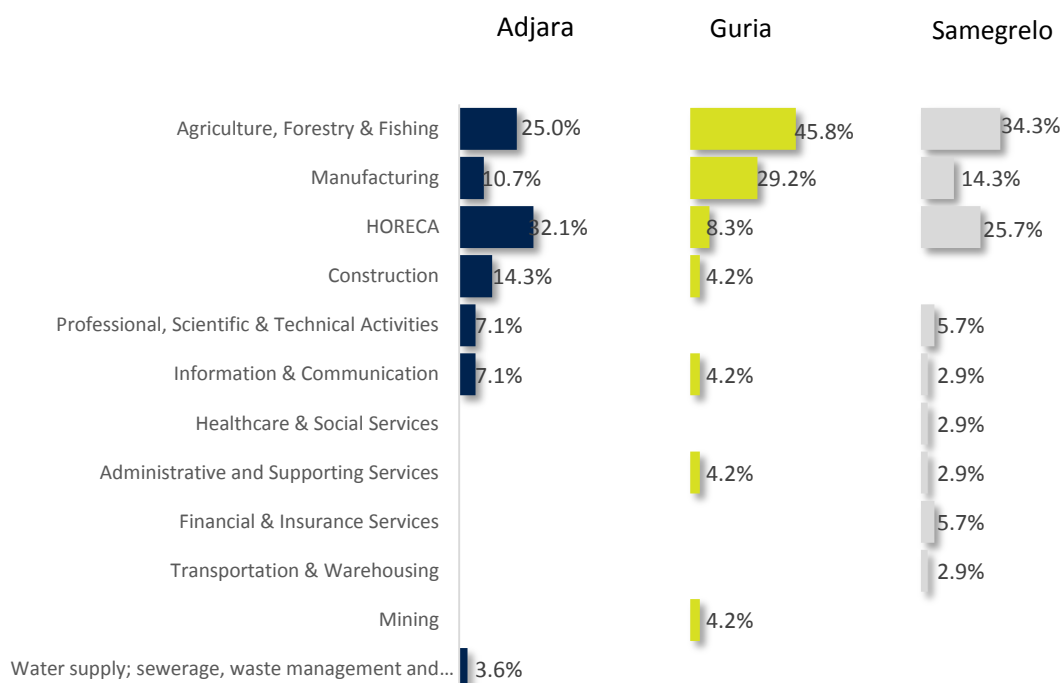
The survey revealed that there is a shortage of staff in the field of agriculture. 45.8% of business entities operating in the field of agriculture in Guria have a problem finding new staff, 34.3% of respondents in Samegrelo and 25% in Adjara.

In addition, in addition to agriculture in the Adjara region, the problem of staff shortage was named by 32% of business entities surveyed in the field of hotels and restaurants, which indicates that every third business in the sector has difficulty finding the necessary staff. Consequently, despite the development in this field, the desire for employment on the part of labor resources is relatively low. The reason is probably the imbalance between labor expectation and remuneration.

8.3% of the respondents surveyed in the field of hotels and restaurants in Guria have problems finding staff, while 25.7% in Samegrelo. The difference with the data of Adjara is due not to the abundance of staff, but to the relatively low level of tourism development in Guria, which leads to a low level of business activity in this area and a relatively low demand for staff.

Only 10.7% of businesses operating in the processing industry in Adjara face difficulties in finding new staff, while in Guria the figure is 29.2% and in Samegrelo 14.3%. If we take into account that an equal number of processing industry companies were surveyed in Adjara and Guria, and there is a big difference in the above figures, we can say that the processing industry is highly developed in the Adjara region and the desire for employment in this field is very strong. Which in turn is conditioned by the amount of remuneration in the field.

**Graph7.Sectors in which the problem of finding staff was most often mentioned in the regional context**



*Source: PMO Analytics*

The most frequently mentioned problems when finding staff are staff qualifications, seasonality of work, and outflow of staff from overseas or large cities. In addition, 17% of respondents surveyed said that young people do not want to work and their interest is not met with adequate pay. If we take into account that most of the surveyed business entities operate in the field of agriculture, and among the problems mainly mentioned is the lack of qualified personnel, it will become clear that there is a shortage of qualified personnel in the field of agriculture. However, it should be noted that businesses operating in the field can not offer high pay, as well as work is seasonal, which reduces the interest in related professions.

Among the skills required by the employer when selecting staff, the skills of applying and communicating knowledge in practice were most often named. However, another major requirement is work experience. 27% of respondents name work experience in Adjara, 43.5% in Guria, and 22% in Samegrelo.

Among the qualification requirements, the requirement for foreign language proficiency is mainly prevalent in the hotel and catering sector, as well as the ability to communicate. Communication skills are relatively less in demand by employers in the processing industry and the agricultural sector, the demand for communication skills from these sectors was named by 19% of businesses operating in the processing industry, while 12% of businesses operating in the agricultural sector. Whereas, the ability to communicate by 37% of the businesses involved in the hotel and catering business was named as one of the main qualification requirements in the recruitment process.

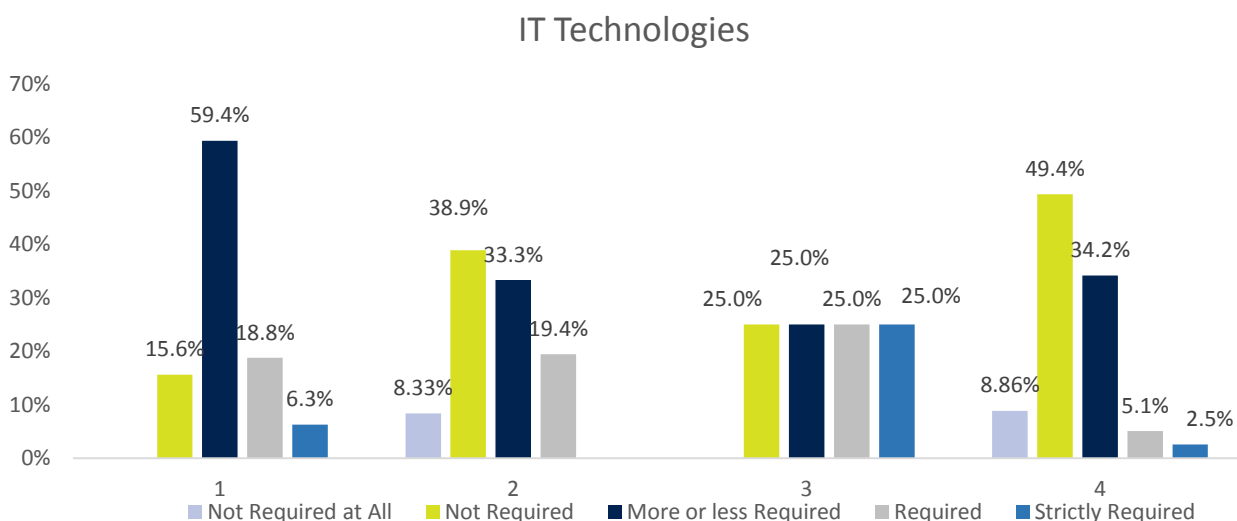
The relatively high demand for communication skills and foreign language skills in this sector is due to the specifics of the sector, as it involves providing services to visitors and tourists, which in turn requires communication skills and knowledge of a foreign language.

In terms of demand for work experience, the largest indicator in the sector is in the field of agriculture and it is 28%, which is due to the specifics of the field. Agriculture requires specific field knowledge, therefore, in the opinion of the respondents, a person with work experience will be more effective in performing the duties assigned to him.

The demand for computer technology knowledge, high rates in the processing industry and information and communication sector are present and amount to 19.44%, while in the information and communications sector 25%, indicating the technological development in the field compared to other sectors.

As for the demand for higher education in the research fields, the demand for it is very low, which increases the employment prospects of people with vocational education, especially when using the work-based teaching method.

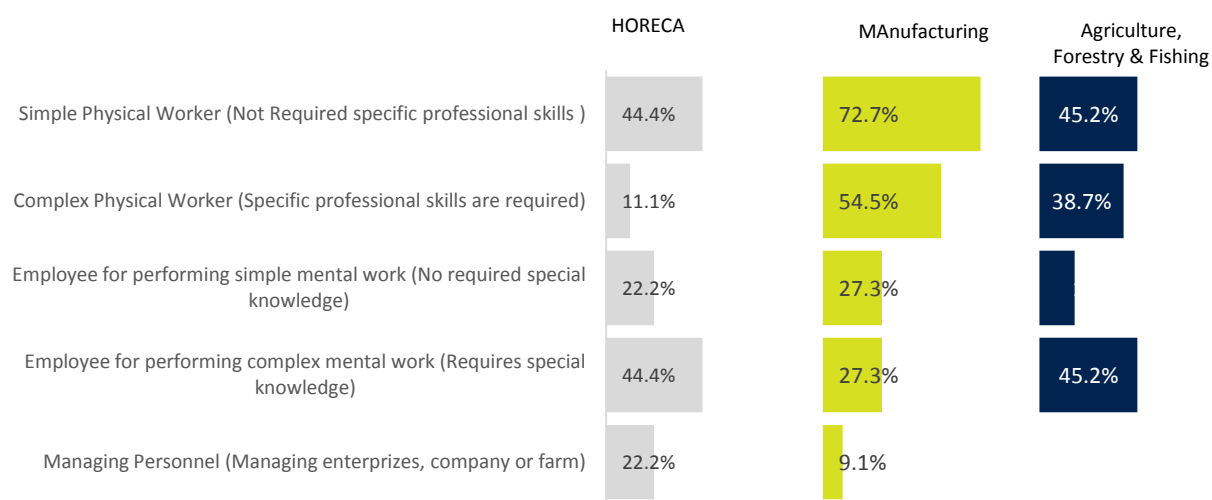
**Graph8. Qualification requirements by sector**



*Source: PMO Analytics*

According to the survey, there is a shortage of simple physical labor in the manufacturing industry, which accounts for 72% of the sector. In the agricultural sector, a 45% share is occupied by a shortage of performers of simple physical work and complex mental work. Similar rates are found in the field of provision of accommodation, where the rate of performers of complex mental work is 44.4%. These data indicate that the demand for unskilled personnel is high in the manufacturing industry. And in the agricultural and hotel and catering sectors, the demand is equal for both specialists and low-skilled staff.

**Graph9. What type of staff shortage exists in the surveyed subjects by sectors**



*Source: PMO Analytics*

Analysis of these data reveals that there is a shortage of physical workers in the research fields, and if we take into account the problems of seasonality and insufficient pay, it will become clear that those who want to do this type of work are not in the market because it is work or seasonal. Or not sufficiently remunerative.

The survey found that 43% of respondents believe that cooperation with vocational schools is necessary, although only 26% named the need for cooperation in the development of training programs. It is also interesting to note that 35% to 38% of the respondents consider it necessary to accept students and graduates of vocational schools for industrial internships and internships. These results give us reason to conclude that there is now sufficient basis for promoting work-based learning and enhancing cooperation between the business sector and vocational schools. It is also noteworthy that the need for cooperation is more pronounced among small and medium-sized respondents, and if we consider the method of finding staff, given above, we can say that finding the necessary staff for small and medium-sized companies is more difficult and the need for cooperation is more urgent for them. Than in the case of large companies, which have a relatively smooth process and mechanism of hiring.

It is noteworthy that according to the number of vacancies named by the respondents, the manufacturing industry is characterized by a high rate, where the total number of vacancies is 884. Importantly, vacancies mainly include tailors, drivers and various types of technologists (spirits, brewers, dryers), as well as bakers, machine workers, as well as financiers and accountants.

Vacancies in agricultural businesses surveyed include 154 vacancies in all three regions, of which 21 are vacancies for agronomists, 9 beekeepers, 25 ichthyologists, 20 mechanics, 18 machine operators, and 7 marketing and sales specialists. The remaining 54 vacancies include both accountant and driver, picker, winemaker, assistant and welder.

There are 115 vacancies in the hotel and catering business, of which 22 are hotel administrators, 10 cleaners, 55 waiters, and 13 cooks. And the other 15 vacancies include Belboy, bartender, laundry, gardener and musicians.

## Research Findings

The main findings of the study presented in this chapter, grouped by topic. The findings below are prepared based on the analysis of the information obtained from the survey of the target groups selected within the field research. Also, the specific findings identified for a specific target group, field or region are separated.

### Findings on labor market requirements

**Finding 1:** The qualification requirements for staff, as well as the methods for selecting and searching for the required staff, vary according to the size of the companies. The financial capabilities of the company play an important role in the complexity of the qualification requirements on the part of the employer. Large companies that have the financial capacity to hire qualified staff are guided by higher standards in the recruitment process, while small organizations' staffing requirements are relatively low because such companies do not have the financial resources to hire expensive and highly qualified staff.

- Qualification requirements in large companies are complex and include both personal and technical skills. The approach of small companies is relatively soft and they pay attention to personal skills, diligence and motivation when selecting. This is due to the financial capacity of small companies. Large companies can afford to hire more highly qualified staff, while small business policies are aimed at minimizing labor costs, therefore they do not impose high qualification requirements, hire less qualified staff who offer additional benefits for on-site professional development.
- In the case of large companies, the search for the required personnel is carried out within a pre-defined planned process and includes hiring recruiting companies, as well as disseminating information on the Internet, conducting selection tests and interviews, while small companies search through personal contacts and hire employees.

**Finding 2:** A survey of industry representatives selected as part of the study found that employers most often rely on personal contacts and recommendations from them in the process of finding the necessary staff.

This practice is widespread in agriculture and related fields, as it is mainly represented by small and medium-sized businesses that do not have the ability to offer high pay, as well as a pre-defined process for staff recruitment. Consequently, these types of businesses prefer to find the necessary staff with the help of a reference circle. Given that higher education is not an important criterion for business entities operating in this sector, it is quite possible that vocational college graduates will be employed in this field. However, given the current level of collaboration, it is not possible to connect job seekers and employers.

**Finding 3:** Job seekers are mainly interested in fields that are characterized by a large number of business entities and, consequently, high employment opportunities. Accordingly, they try to tailor their skills to the requirements and priorities of the field of interest to them.

- The study found that an important factor for labor resources is the large number of businesses operating in this or that field, which is directly related to the perception of employment prospects. Consequently, there is a strong interest in such areas as health and social services,

financial and insurance activities, trade, construction. This trend is typical not only for the selected regions, but for the whole country.

**Finding 4:** The high concentration of businesses in the administrative centers of the regions and in the capital, facilitates the migration of labor resources. This, in turn, makes it difficult for businesses operating in the districts to find the necessary staff.

- Due to the fact that mainly business entities are concentrated in administrative centers and high urbanization settlements, job seekers are trying to move to these settlements, which facilitates labor migration and labor outflow.

**Finding 5:** Most of the business entities operating in the field of agriculture do not have sufficient financial resources to attract qualified staff, which reduces the interest of the workforce in the professions related to agriculture.

- It has been found that despite the need for specific qualifications in the field of agriculture, such as agronomist, veterinarian, viticulture specialist, it is not possible to hire staff, and it often happens that founders, directors or other positions hold different functions. Consequently, this reduces vacancies in the field. Due to these circumstances, mainly low-skilled personnel are hired, whose work is related to physical activity.

**Finding 6:** The identified industry needs are diverse, although the technical and industry qualifications required for low and, in rare cases, mid-level positions are lacking. The main qualification requirement for the staff employed in these positions is the knowledge of industry, narrow specialization, which is often deficient and makes it difficult to find staff with the necessary skills.

- Most of the surveyed business entities need staff for low-level positions. Slightly different situation in companies whose operating processes are complicated (in relatively large companies), where there is also a need for staff in middle management positions. Employers are mostly in demand for labor resources with specific sectoral skills (i.e., narrow specialization). A summary of the specialties by sector is given in Table # 1.

**Table1. Demand for specialties by sector**

Sector	Manufacturing industry	Agriculture	Providing accommodation and food delivery activities	Information and communication	Administrative and other support service activities
<b>Identified needs</b>	Food technologist, tailor, carpenter, machine operators, electricians	Agonomist in the following areas: berry crops (strawberry, blueberry), floriculture, viticulture, greenhouse crops, horticulture, animal husbandry), veterinarian in	Maid, Waiter, Administrator, Bartender,	Web Designer, Information Technology (IT) Manager, Network Output Specialists	Tour operators, guides

			poultry, livestock, Ichthyologist, Fisheries Specialist, Laboratory Specialists in Soil, Fish, Beekeeping, and Other Subfields, Soil Scientist, Microbiologist, Tea and Hazelnut Picker and Picker, Tea Technologist, Winemaker, Sommelier		
<b>Existing requirements</b>	Field knowledge	technical knowledge	Specific technical knowledge, work experience	Professional skills, foreign language, communication skills, representativeness	Specific technical knowledge Foreign languages, communication skills, sales skills
<b>Position level</b>	Medium, low		Medium	Medium, low	Medium, low Medium

**Finding 7:** The attitude of business entities towards vocational education varies and depends on what type of qualified staff they need. The needs of large companies in terms of labor resources are very diverse in terms of quantity and position, while small companies mainly need low-skilled labor. Consequently, the attitude of large companies towards vocational education is more positive or neutral, while the attitude of small companies is more skeptical because small businesses have relatively less demand for personnel with industry specialization.

- Among the surveyed businesses, it was found that their attitudes towards vocational education are different. It was found that the attitude of companies that have sufficient financial capacity to attract qualified staff and whose qualification requirements are complex, as well as the quantitative need for staff is higher, have a positive attitude towards vocational education. And, the attitude of small companies is unequivocally skeptical.
- Given that the surveyed businesses have very little information about vocational education institutions, existing educational programs and directions, we can say that the lack of information among the factors affecting addiction is crucial. Consequently, the prospects of cooperation with educational institutions and the perception of the benefits to this cooperation for businesses are also skeptical.

**Finding 8:** While business entities operating in the research sectors face the problem of attracting the necessary skills, most of them are mainly small and medium-sized organizations that do not create a sufficient number of jobs to pursue a vocational college interest in developing a specific program.

- According to the research, the sectors are mainly represented by small and medium-sized business entities, while the demand of each of them for a staff with a specific narrow specialization is quite low. On average, one business entity creates 2-3 jobs according to the relevant field specialization, there is much less demand for narrow specialization personnel in the field of agriculture, where operating business entities can employ only 1 staff. Consequently, although there is a shortage of professional staff in the sector, there is a shortage of business entities and the small number of jobs created by them is not enough to ensure the interest of vocational colleges in creating relevant field programs. The education sector, to establish communication and strengthen cooperation between small and medium business entities, Also, in order to identify the needs of the business sector and, as a result, to establish cooperation with the education sector, it is necessary to establish an intermediate link that will encourage sectoral cooperation and strengthen all parties involved. This approach involves the establishment of a sectoral association, or other type of organization, whose main purpose will be to identify needs in the sectoral context, participate in the development of relevant educational programs, and offer these programs to the business sector. In the case of combining and processing information under one organization, it will be possible to identify specific sectoral needs as well as the scale of those needs and then establish cooperation with the education sector on that basis. Which will encourage sectoral cooperation and strengthen all parties involved. This approach involves the establishment of a sectoral association, or other type of organization, whose main purpose will be to identify needs in the sectoral context, participate in the development of relevant educational programs, and offer these programs to the business sector. In the case of combining and processing information under one organization, it will be possible to identify specific sectoral needs as well as the scale of those needs and then establish cooperation with the education sector on that basis. Which will encourage sectoral cooperation and strengthen all parties involved. This approach involves the establishment of a sectoral association, or other type of organization, whose main purpose will be to identify needs in the sectoral context, participate in the development of relevant educational programs, and offer these programs to the business sector. In the case of combining and processing information under one organization, it will be possible to identify specific sectoral needs as well as the scale of those needs and then establish cooperation with the education sector on that basis. Identify needs in the field, participate in the development of relevant educational programs and offer these programs to the business sector. In the case of combining and processing information under one organization, it will be possible to identify specific sectoral needs as well as the scale of those needs and then establish cooperation with the education sector on that basis. Identify needs in the field, participate in the development of relevant educational programs and offer these programs to the business sector. In the case of combining and processing information under one organization, it will be possible to identify specific sectoral needs as well as the scale of those needs and then establish cooperation with the education sector on that basis.
- In addition, the problem of attracting staff with the necessary skills is encountered in all three regions. This problem is due to the fact that on the one hand the business does not have sufficient financial resources to attract qualified staff, and the staff recruited for the offered remuneration does not possess the necessary skills and knowledge. And on the other hand, the pay offered by the employer for highly qualified staff is not interesting. It turns out that there is an imbalance between the salary expectations of a relatively qualified staff and the capabilities of the employer, which relatively small companies cannot cope with. In addition, it is important that SMEs have a

higher willingness to work with professional colleges than large companies, and that cooperation between these two sectors has good prospects in the context of a well-designed communication strategy and / or intermediate link.

### **Findings on required skills**

**Finding 1:** Potential employers, focusing on personal skills such as a sense of responsibility and motivation, are particularly keen on these requirements for lower-level positions.

- When a candidate is not required to have high qualifications, motivation and sense of responsibility are named as the most important criteria. Since it is important for the employer to hire staff for a long period of time so that there is no fuss, motivation and interest in the job are the most important circumstances. Consequently, employers try to select people with such skills.

**Finding 2:** Communication skills, the ability to apply knowledge in practice and work experience are the basic requirements that potential employers have when hiring new staff.

- In selected regions and fields, higher education and recommendation are the requirements that job seekers are generally not required to meet, but there are sectoral differences, for example there is virtually no higher education requirement in agriculture, while in the manufacturing industry it is quite relevant as well as information And in the field of communication as well.

**Finding 3:** In the field of agriculture, there is a lack of relevant field knowledge in small companies, cooperatives and farms.

- Individuals working in small agricultural enterprises, cooperatives and farms were found to have a lack of knowledge and they were working without appropriate qualifications. This knowledge is related to issues such as soil care, fertilizers used, poisoning methods and techniques. Due to the lack of sufficient financial resources to hire qualified personnel in this type of enterprises, they often have to seek information on various technological issues through personal contacts. Insufficient qualification directly affects the productivity of the enterprise, the quality of the product and, consequently, the profitability. This is especially true on farms (strawberry, blueberry, hazelnut and trout). Who have received either grants or other financial assistance from state or donor organizations. It is noteworthy that the resilience of these types of businesses, due to insufficient knowledge and qualifications, is low, which has been identified and confirmed in studies.

**Finding 4:** Representatives of small farms operating in the field of agriculture do not have sufficient knowledge and skills in terms of business planning and management, which reduces their ability to seek the funds needed to expand their activities and ensure the sustainability of their businesses.

- Although there are various grant mechanisms under existing state and donor programs to support the agricultural sector, small farms face various barriers to seizing these opportunities and raising funds to expand their businesses. This is due to the fact that the representatives of small farms operating in the field of agriculture do not have sufficient entrepreneurial and business management skills to complete the applications defined under the grant programs and to prove the sustainability of their own business. It is often the case that grant program participants fail to demonstrate the sustainability of projects, indicating a lack of entrepreneurial skills in the field.

**Finding 5:** For relatively large companies operating in the field of agriculture, which produce products for export, and production processes are built using modern methods and approaches, among other skills, analytical skills, planning and forecasting skills, production of descriptions, ability to perceive new information, and knowledge of foreign languages are important.

- Since these types of enterprises produce products in accordance with modern standards and constantly monitor new requirements, along with other qualifications for them, it is important to hire staff with such skills in order to constantly maintain standards in the production process and also maintain quality.

**Finding 6:** Skills to work with office software no longer represent scarce knowledge and it is over-represented in the market. If in the past it was one of the most important criteria for staff selection, now this trend has changed.

- A change in trend is caused by an excess of this ability in the market rather than a decrease in its importance. At the same time, the level of knowledge among the candidates has increased, and therefore the employer no longer attaches great importance to this skill when selecting, but focuses on in-depth and in-depth knowledge of office programs.

**Finding 7:** In the field of tourism, there are significant challenges in terms of improving the quality of services and services. In recent years, the growing trend of tourism has increased interest in this area, although the challenge for existing businesses is to improve and protect the quality of services. This problem was especially evident in the Adjara region, which is due to its special tourist role.

- Research has shown that this trend has become relevant in the context of increasing competition. More and more businesses are realizing that improving the quality of service provided to them is directly related to increasing revenue. There has been an increase in referrals to educational institutions and tourism administrations for relevant courses and knowledge.

### **Findings on economic sectors with growth potential**

**Finding 1:** Large investments in the economic sector contribute to the development of the sector, create jobs, and consequently increase public interest in the sector, as employment prospects are revealed, resulting in a demand for specific educational programs.

- According to the results of the research, in the case of Guria and Adjara, the implementation of foreign investment was followed by the development of the processing industry, in particular the production of textiles, which has a demand for specific specialties and relevant educational programs. The interest in opening garment factories was conditioned by the existence of uniquely cheap labor and proximity to the exporting country (Turkey).
- Similarly, investments in both regions and the development of the tourism sector have led to an increase in public interest and demand for relevant educational programs.

**Finding 2:** Access to and diversity of qualification education programs required for the tourism sector is present in Adjara. Whereas, the development of tourism in the region started at an earlier period and in parallel with the formation of demand, appropriate programs were developed and implemented.

- Compared to Adjara, where the tourism sector is highly developed, the tourism sector in the Samegrelo and Guria regions is relatively new, and in these regions, there are fewer relevant

educational programs. With the development of tourism potential, it is important to increase the availability of programs needed for the sector so as not to create a qualification deficit in the sector.

**Finding 3:** Manufacturing as well as the accommodation sector are areas with growth potential for all three regions.

- As a result of the analysis of investments and employment rates in these sectors, it is established that the business sector is very active in these sectors and it is characterized by growth growth. It is also important that the manufacturing industry consists of sub-sectors such as food industry, textile manufacturing, furniture manufacturing, and if we take into account that consumer demand for products produced in this sector is not declining, we can assume that these sub-sectors create employment opportunities. The specialties for which demand is expected to increase in the future are food technologist, industrial plant operators, tea processing technician, fisheries technician, food safety specialist, carpenter and others.
- As it turned out, in the field of agriculture, the business sector is less active and it is concentrated in small farms and cooperatives. Accordingly, an increase in employment rates in this sector is expected only after the expansion of business entities and the development of the business sector.

### **Findings on the existing directions and needs of vocational education**

This section includes an assessment of the vocational education directions, market requirements and challenges in the vocational education directions.

**Finding 1:** Among the vocational education programs, short-term programs as well as self-employment support programs are popular.

- It has been revealed that the professional programs of masseur, tailor, hair stylist, carpenter and electrician are very popular because they promote self-employment. Also, short-term programs such as office work, electricity, information technology are of high public interest, and in these specialties, in addition to electricity, there is often even competition.

**Finding 2:** One of the challenges for vocational education institutions is the misconceptions of registrants and the perception of this or that vocational program.

- It has been revealed that there are frequent cases when registrants do not have complete information about the content of the program and their expectations towards the profession do not correspond to reality. They make their choices only according to the name of the program and do not take into account the specifics of the profession. In addition, registrants' skills for teaching in educational programs are frequent, and educational institution professional managers have long communication to maximize the existing skills of registrants to the relevant professional program.

**Finding 3:** Involvement of business in the formation of the demand for vocational education is low, and educational programs do not fully meet the requirements for qualifications in the labor market.

- During designing vocational educational programs, it is essential but not mandatory, to demonstrate that proposed vocational program corresponds to the private sector needs and the graduates will have opportunities of employment with their profession. Vocational colleges sign memoranda with private sector with the aim to justify the usefulness and applicability of suggested educational programs. However, such memoranda are formed on voluntary-basis and does not

necessarily implies stronger cooperation between private sector and educational colleges for strengthening employment opportunities of graduates of particular vocational programs. The weak cooperation is caused as by low interest from business sector, as well by lack of active efforts from vocational colleges to facilitate private sector engagement in designing of vocational education programs, consider labor market trends and employers' needs when elaborating such programs and support establishment of strong linkages with private sector for enhancing internship and employment opportunities of their graduates.

- According to the opinion of the vocational colleges, the developed programs are not flexible and it is difficult to easily adapt to the private sector requirements, as in this case it is necessary to consult and discuss the planned amendments in program context and changes in learning methods with partner organization and inform National Center for Education Quality Enhancement on amendments made in the program. This actions require additional expenses and time. Note to mention, that during the research, vocational colleges mentioned that in order to adjust existing vocational programs with the private sector needs, they need to re-pass the authorization. This, allows as to conclude, that the gap with business sector needs and existing vocational programs is so large, that the essential changes and modifications are required in the program context for adjusting them with private sector needs.
- 
- Among the factors affecting the level of business involvement are the lack of communication strategies and information with the sector. Cooperation with business is based on personal contacts, therefore, cooperation is non-standardized.

**Finding 4:** According to the business sector, curricula often fail to support the pace of development of the relevant field, which is a barrier to the promotion of vocational education. This factor is due to the fact that vocational schools are often unable to timely update the required material and technical base, which is caused partly due to lack of financial resources, and partly due to the bureaucracy related to the procurement process resulting in delays in purchasing of required equipment and materials .

- Existing bureaucratic mechanisms hinder the development of flexibility in vocational education institutions and, consequently, hinder access to modern technologies. Such barriers are the problem of providing students with the necessary material and technical resources within the framework of the educational program in public vocational schools, which is most severe when it comes to the short term, expendable assets, which should be purchased annually. This issues are caused due to the centralized approach to the procurement process and the length of procurement. Planning for the purchase of materials required for any program begins about 3 months before the implementation of the program and needs to be properly planned to ensure that rall required materials are supplied on time. Consequently, when it comes to logistics of required materials and equipment, the public vocational colleges are less flexible and require to strengthen their capacity for planning and managing procurement processes. The private sector is more flexible and much faster to acquire new modern inventory, therefore they prefer to train staff and learn new equipment. Consequently, there is a ground for effective application of Work-Based Learning (WBL) approach and increase engagement of business sector in practical, work-based learning of vocational students.

**Finding 5:** None of the combined professions and qualifications under the Administrative and Other Support Services activities required for tourism development in the study regions were identified in the selected regions. These professions are regional level guides, tour operators.

- Although tourism is more developed in Adjara compared to Samegrelo and Guria, due to the lack of these programs, the demand for guides and tour operators is met from outside the region, which means that tourist groups follow their guide, or hire a guide from Tbilisi. Clearly, this has a negative impact on the development of the sector and hinders the employment of the local population.
- It is important that enhanced foreign language learning be done during the development of such programs to increase the competitiveness of local staff.

**Finding 6:** Among the existing problems and challenges of vocational education are raising the level of awareness and increasing popularity in the society.

- In terms of cultural norms and stereotypes, vocational education institutions are associated with an institution that conducts the training of unqualified contingents. Accordingly, graduates are considered to be understaffed. Unfortunately, this attitude is not limited to businesses. Public interest in vocational education is also quite low and it is manifested not only in the regions but also throughout the country. It is also noteworthy that enrollment in educational institutions is often done not for the purpose of obtaining knowledge but for the purpose of obtaining a certificate, which in turn increases the reputation risks of the institutions.

**Finding 7:** According to the employment rate in the Guria region, agriculture is the leading sector and since it operates small farms that can not create a sufficient number of jobs, but also have the opportunity to employ staff, vocational education institutions do not develop educational programs for the sector and deficient professions.

- As mentioned, the development and approval of vocational programs requires to demonstrate employment opportunities for the graduates, which is an indicator to measure potential demand and demonstrate usefulness of the program. Since, the small-scale farms do not have capacity to create sufficient job places in the agriculture, therefore, educational institutions are less interested in launching vocational programs related to the agriculture and are not able to develop qualification programs appropriate to the field because they do not meet the standards required by the National Center for Education. In turn, this shows a lack of knowledge in the field and reduces productivity.
- In Guria region, access to vocational education programs is limited compared to other regions. Currently, there is only one educational institution in the region (Horizon College), in which out of 18 existing programs, only one (tea processing technology) certificate program is presented for agriculture.

**Finding 8:** In all three study regions, the need and necessity of establishing cooperation with the vocational education sector is most pronounced in small and medium-sized businesses.

- Based on the research, it is revealed that these types of companies find it very difficult to find staff and that is why they search for staff in the reference circle, as well as the qualification requirements set by them, do not include higher education. Therefore, it is clear that in the absence of a communication strategy by vocational schools, sectoral cooperation can not be established, which has a high potential for development, because on the one hand, the needs of

business entities will be met, and on the other hand, professional programs will be diversified. Such sectoral cooperation will help alleviate the imbalance in the labor market.

### **Findings about the professional skills and needs of project beneficiaries**

This section includes information on the beneficiaries' existing skills, as well as an assessment of whether they are in line with the requirements and expectations of potential employers.

**Finding 1:** Potential beneficiaries of the project prefer self-employment opportunities to improve their social and economic situation because they believe that employment opportunities with employment are limited.

- Beneficiaries' attitudes towards employment prospects were found to be skeptical, as they believe that there is not enough work, while hiring is done only through relatives, and also note that the proposed pay is low and the qualification requirements are high.

**Finding 2:** From the named needs, it is very important for the beneficiaries to develop personal (communication skills, negotiation skills) and entrepreneurship skills (business plan writing, grant application processing).

- The desire to deepen these skills stems from increasing the opportunities to participate in grant programs, promoting self-employment and the desire to start your own business. Unfortunately, the need to acquire the knowledge and skills needed to start and develop a business in a particular area is rarely revealed.

**Finding 3:** There is insufficient information on the educational institutions in the region and the curricula presented in them.

- Lack of information about educational programs helps to deepen perceptions of employment prospects and neglects the need to develop the necessary skills. It should be noted that the respondents are very well informed about the various trainings provided by the non-governmental sector. Accordingly, they point out that such trainings, which aim to develop personal skills, are very important to them. This proves that the lack of information has a negative effect on educational opportunities, on the need to develop the skills needed for them.

**Finding 4:** Among the identified sectoral interests, the field of tourism and agriculture is most often mentioned.

- Since most of the respondents consider self-employment, and the desired direction is indicated in different fields, so the possible educational programs include the following areas: hotel management, agronomy, arranging a greenhouse, working with wood, production of enamel products.

**Finding 5:** Lack of feedback on interview results prevents job seekers from properly perceiving the need for skills that will help them find employment in the future.

- To identify the needs of beneficiaries, it is important to analyze the experience they had while trying to find employment. Several beneficiaries were willing to be employed, however, there was no feedback from the employer and therefore no identification was made due to the lack of skills and knowledge they were not hired for. Among the probable reasons, according to the

perception of the beneficiaries, are the lack of communication skills and lack of practical experience.

## Recommendations

This chapter provides general and specific recommendations for solving the problems identified based on the results of the study, as well as measures to be taken to reduce the impact of the identified risks.

**Recommendation 1:** Currently, there is sufficient foundation and opportunities for strengthening cooperation between private sector and educational colleges, particularly in implementation of Work-Based Learning approach. However, for strengthening such cooperation, it is essential to change the attitudes and perceptions about vocational education. For this purpose, it is important to increase awareness of society about vocational education and improve image and reputation of vocational colleges among private sector and overall society. Therefore, among the necessary actions, it is important to carry out information campaigns at the regional and municipal level in order to promote, which will increase the level of awareness of both the population and the business sector.

**Recommendation 2:** In order to enhance cooperation between the education and business sectors, and to increase the involvement of the business sector, it is desirable to take incentive measures for the business sector to strengthen their interest in cooperation with vocational colleges. Among such incentives, could be co-financing of interns' salary during internship period, tax incentives (e.g exemption from income tax during intership), for businesses that are cooperate with vocational colleges and supporting implementation of Work-Based Learning (WBL) approach and are willing to enroll graduates of vocational education institutions for internships.

**Recommendation 3:** To reduce the rate of labor migration, it is desirable to encourage and support business development at the regional and municipal levels, which will help expand the geographical area of business and reduce labor migration to administrative centers and large cities.

**Recommendation 4:** In order to solve the problems in agriculture, it is necessary to create specific sectoral associations or to strengthen the existing ones, the purpose of which will be to study the needs in the field, as well as to cooperate with the educational institution to deepen the deficient knowledge required for the field. After grouping several small businesses, it is possible to develop a special program tailored to the needs of the group. In addition, through the association, it will be possible to disseminate different types of information about educational, grant and other opportunities. A good example is the association of fruit growers established in Samegrelo, which serves to enhance knowledge in the field, and its results are reflected in the quality of nuts produced by fruit growers. Besides, It is possible for the association to train staff for identified deficient professions who will consult the members of the association, for a token amount. These types of associations can be established at both regional and district levels.

**Recommendation 5:** It is desirable to expand sectoral programs in educational institutions, which will help reduce the shortage of necessary professions in this or that field. To this end, it is desirable that in the process of developing programs by educational institutions, expand the research area of business entities in the region, in order to better study the needs of business entities in the region, for further reflection in their programs.

**Recommendation 6:** In the field of agriculture, it is necessary to develop mechanisms focused on attracting investment and expansion of business entities, which will increase jobs and also provide public interest. The greater the investment and the many larger employers there are, the greater the interest in the field and the more jobs it creates. In addition, business expansion will promote competition and small businesses will be forced to improve their production processes, improve product quality and, consequently, there will be a demand for qualified personnel, which in turn will encourage both the community and the education sector and introduce training programs.

**Recommendation 7:** It is desirable to periodically conduct labor market research at the regional level. On the one hand, this will allow regional administrations, local self-governments to increase their level of awareness, set strategic actions for regional development and determine development prospects, as well as all entities operating in the region, including educational institutions will be able to develop and implement new .

**Recommendation 8:** It is desirable to continue the existing practice in schools in the field of professional orientation. This provides comprehensive information about the programs available in vocational education institutions in advance, increases interest in specific professions, and promotes the right expectations and perceptions. School students have the opportunity to test themselves in this or that profession, which encourages them to choose not to pursue higher education, but to continue their studies in a vocational education institution.

**Recommendation 9:** It is desirable that educational programs include issues that will improve students' communication skills, encourage a sense of responsibility, and also help develop a proper attitude towards the profession.

### **Recommendations for project implementation**

**Recommendation 1:** In order to promote employment, it is desirable to develop criteria for the selection of beneficiaries, which will take into account employment motivation, desire for professional development, desire for long-term employment, in terms of possible remuneration. In addition to these criteria, the level of knowledge in the desired field of employment and the availability of the relevant educational program should be included in the evaluation of the beneficiaries.

**Recommendation 2:** When selecting beneficiaries to facilitate employment, it is advisable to involve the Professionalism Manager of the educational institution, who will assess the beneficiary's expectations and existing skills in relation to the chosen program. This will allow us to maximize the beneficiaries' expectations and existing skills with the selected program and profession, which will ultimately ensure the right staff training and intervention sustainability.

**Recommendation 3:** It is desirable to develop incentive mechanisms for the learning of selected beneficiaries. Scholarships for outstanding students can be considered as such a mechanism. This will increase the motivation of the beneficiaries, develop a responsible attitude towards learning, and ultimately the acquisition of high quality knowledge.

**Recommendation 4:** It is desirable for the beneficiaries to select educational programs that provide self-employment, such as: hair stylist, electrician, masseur, tailor, and for the emergence of a source of income, it is desirable to purchase and transfer the appropriate tools. Using this mechanism, beneficiaries

will be able to provide services to neighbors and acquaintances in their village or city, and receive remuneration in return. This will increase family income and improve the social and economic situation of the beneficiaries.

**Recommendation 5:** Instead of encouraging employment in the field of agriculture, it is desirable to train and retrain small entities operating in the educational institutions in the region, where the relevant programs in this field are presented. Since it has been revealed that small businesses operating in the field do not have the relevant knowledge and do not have the financial resources to hire highly qualified staff, it is desirable to train and retrain those directly involved in the activities. This will help reduce knowledge deficits as well as increase their productivity and operational efficiency.

**Recommendation 6:** For grant grants planned under the project, it is advisable to select, not start-ups and aspirants, but already existing and operating small businesses, whose financial assistance will lead to business expansion and expansion. Since it has been revealed that cooperatives funded under various grant programs, if business entities, are no longer functioning today or employ only family members, it is clear that this type of assistance cannot ensure sustainability and job creation. Therefore, in order to ensure sustainability and job creation, it is desirable to focus on projects that will contribute to the expansion and expansion of existing businesses.

**Recommendation 7:** For the agricultural sector, it is desirable to establish a small consulting organization throughout the region, which will unite the necessary staff with the necessary shortages. The main goal of such an association will be to share knowledge and advise farmers on farming.

Initially, the association may be non-profit-oriented and need its financial support, however, if it is managed effectively, and if qualified staff is recruited, it will develop into a commercial organization. The existence of the association will help increase knowledge in the field of agriculture, produce quality products and also facilitate its sale. In the functions of the association, it is desirable to add a realization of realization, therefore its staffing will be required not only with agronomist, veterinarian, various technicians, but also with staff of social media manager, marketer and other relevant qualifications.

This will also help small farms in branding their own products, disseminating product information and increasing revenue. The functions of the organization can also be supplemented by participating in state grant programs, disseminating information about these programs, and assisting farms in developing grant applications.

If such an organization exists in the region, it needs to be strengthened and encouraged to perform the functions listed above.

**Recommendation 8:** In order to encourage internships and internships to establish partnerships with the business sector, it is advisable to offer the business participation in internship financing. This will increase the motivation of the business entity and facilitate cooperation, as the business will reduce its costs and, as a result, will be able to hire increased staff. It is also desirable to offer co-financing of the employee's remuneration at the initial stage to facilitate employment and cooperation with small businesses, which will ensure long-term cooperation between the employer and the employee.

**Recommendation 9:** For cooperation within the dual education programs, it is desirable to select business entities whose production processes are multifaceted, so that students have the opportunity to go through full-fledged internships and qualifications. It is therefore advisable to select relatively large size partners.

**Recommendation 10:** It is desirable to develop an individual plan of cooperation with each business entity to ensure maximum satisfaction of their needs and to find the appropriate staff and further employment. The size of the business as well as the staffing needs must be taken into account. It is desirable to involve a specific business in the process of selecting a potential employee / intern. This will increase the involvement and responsibility of the business, as well as the employment prospects of the intern selected by him in the future.

## **Appendix 1 Overview of Selected Municipalities**

### **Adjara**

In the Autonomous Republic of Adjara, Batumi and two municipalities may be selected as the target municipalities for the survey, from the following four: Kobuleti, Khelvachauri, Keda, Khulo. The final decision will be made in agreement with the project implementing organization.

The results of the desk survey conducted in the given municipalities are presented below.

### **Batumi**

Batumi is a self-governing city and the administrative center of the Autonomous Republic of Adjara. The area of the city is 64.9 km<sup>2</sup>, and the population is 169.1 thousand people. Batumi is the second largest city in Georgia and western Georgia. Compared to other municipalities of Adjara, Batumi has more developed infrastructure, educational and cultural life, high level of employment and opportunities for youth development.

Batumi is one of the most advanced cities in Georgia in terms of economic situation. Batumi accounts for 82.2% of the turnover of enterprises in the region, and 5.6% of Georgia. With this indicator, it is much lower than the same indicator of the first city in the country, Tbilisi (75.1%), but about three times higher than Kutaisi (2.0%) and Rustavi (1.8%), which are in the 3rd and 4th place. It should also be noted that Batumi produces 8.0% of the products produced in Georgia. Currently, the leading economic activities in Batumi are: transport and warehousing, wholesale and retail trade, construction and tourism.

Due to all the above, 48.1% of the population of Adjara and 83.5% of the employed population in the region are gathered in Batumi. The average salary of employees in Batumi is 1,029.3 GEL, which is behind the municipalities of Tbilisi, Shuakhevi, Akhmeta, Mtskheta, Poti, Mestia, Bolnisi, Gardabani and Kaspi.

There are several higher education institutions and vocational colleges "Black" in Batumi, including Batumi Shota Rustaveli State University, Batumi Art University, Batumi Navigation Training University and Batumi State Maritime Academy.

### **Kobuleti**

Kobuleti is a seaside, self-governing city in the Adjara region, with an area of 711.8 km<sup>2</sup> and a population of 72.2 thousand people, most of whom are rural. According to the population, Kobuleti is the second municipality of Adjara and the seventh municipality of Georgia. In Kobuleti, economic activities related to accommodation and food supply and agriculture occupy a leading place. Kobuleti accounts for 6.2% of enterprise turnover and 9.3% of employees in the region. There are no large-scale entrepreneurial businesses represented in the municipality. There are mainly only industrial facilities of local importance, such as agricultural processing, utility and trade facilities.

The leading economic destinations in Kobuleti are Mechae and Citrus, construction and tourism.

The main vocational-educational institution operating in Kobuleti is the public college "New Wave", where it is possible to receive vocational education in agriculture, pharmacy and medicine, finance, tourism and other areas. It should be noted that the municipality is located close to Batumi, therefore students and employees can study or carry out their professional activities in Batumi.

It is noteworthy that in the region, except for Batumi, there is only municipal transport in Kobuleti.

## **Keda**

Keda Municipality is an administrative unit of the Autonomous Republic of Adjara, the center of which is the small town of Keda. The area of the municipality is 452 km<sup>2</sup>, and the population is 16.8 thousand people, which is 4.8% of the population of the region. Keda Municipality is divided into ten administrative units.

Keda accounts for 0.4% of the turnover of enterprises in the region and 1.2% of employees. 80% of the population of Keda Municipality is engaged in agriculture. Currently active economic activities in the region: trout production, bean and potato growing. It is noteworthy that several vegetable crops (mainly cucumbers and tomatoes) are profiled for the ridge and play a leading role in the economic activity of the municipality.

According to a survey conducted by the European Union in 2018, "Keda Municipality Needs and Resources Survey", the most important activities for the population of the municipality are: horticulture (16.7%), tobacco growing (16.4%), viticulture (14.3%), hazelnut cultivation (7.3%) ) And beekeeping (6.8%). Non-ferrous copper-polymetallic ores are found in Keda. Particularly noteworthy are the Mercer copper and lead ores, gold-bearing rocks.

Today, Keda Municipality has a new winery that can harvest more than 1,500 tons of grapes without interruption.

It is planned to open "Blacks" College in Keda by 2021. College, "Blacks" is a multidisciplinary vocational education institution, for which the implementation of tourism and construction programs and rapprochement with the Common European Education Area is a priority.

## **Guria**

Ozurgeti, Chokhatauri and Lanchkhuti municipalities have been selected as the target municipalities for the research in Guria region. The results of the desk survey conducted in the given municipalities are presented below.

### **Ozurgeti**

Ozurgeti municipality is an administrative-territorial unit of Guria, the administrative center of which is the city of Ozurgeti. The area of the municipality is 675 km<sup>2</sup>, and the population is 59.9 thousand people, which is 55.4% of the population of the region. The municipality consists of 29 administrative units.

As Ozurgeti is the administrative center of the region, it accounts for 67.4% of the turnover of enterprises in the region. The municipality also plays an important role in terms of employment and represents 71.5% of employment in the region.

The main source of income for the population of the municipality is various branches of agriculture, small enterprises and trade. The municipality has an economic development plan whose priorities are: agriculture, food industry and tourism. In addition, on the basis of forestry it is possible to develop wood processing production, hunting and nursery. It should be noted that 92.2% of the investment in the region comes from Ozurgeti municipality.

Currently, there are 43 preschools in Ozurgeti, 42 schools and one vocational college "Horizon", which employs 42 teachers and has 750 students. The material and technical base and equipment of the college meet the requirements of modern standards. The college has an adapted environment for people with disabilities (standard ramps, elevators, etc. are built).

## **Lanchkhuti**

Lanchkhuti municipality is one of the three municipalities located in the Guria region. Its administrative center is the city of Lanchkhuti. The area of the municipality is 533 mW, and the population is 30.2 thousand people. The municipality includes 13 administrative units.

11.9% of the turnover of enterprises in the region comes from Lanchkhuti municipality. 15.5% of the employed population in the region is employed here, and the average salary of the employees is 445.7 GEL, which is behind the other two municipalities. Currently, the most important in the economy of the municipality is the Baku-Supsa oil pipeline and the Supsa terminal.

Tourism is developed in a part of the municipality, in particular in Tskaltsminda and Grigoleti. The leading industries are agriculture, specifically citrus, livestock and nuts.

There are 24 schools and 22 preschools in Lanchkhuti municipality. The construction of a branch of A (A) IP College "Horizon" is also planned and is underway in the municipality.

## **Chokhatauri**

Chokhatauri municipality is an administrative-territorial unit of Guria region, the administrative center of which is Chokhatauri. The municipality is located at 825.1 km<sup>2</sup>. The population of the municipality is 18.0 thousand people. There are 61 settlements in Chokhatauri municipality.

Chokhatauri municipality accounts for 15.5% of the region's enterprise turnover, making it second only to Ozurgeti. 13% of the employees in the region are represented here. The average salary of employees in the municipality is 980.4 GEL, which is ahead of the other two municipalities.

The leading sectors in the municipality are agriculture, including fruit growing, grain farming, viticulture, viticulture, and livestock. The most important enterprise in the municipality is JSC Margebeli (Nabeghlavi Mineral Water Bottling Plant). There are Bakhmaro and Nabeghlavi mountain-climatic resorts.

Chokhatauri municipality is rich in minerals. Tuff and granite paving materials are extracted here, the total supply of each of which is 400 thousand m<sup>3</sup>. There are also gold ores in Chokhatauri municipality, the reserves of which are not valued.

There are several social houses for people with disabilities and other vulnerable groups in Chokhatauri. The municipality also has 31 schools, 19 preschools and the Horizon branch of the Vocational College, the construction of which was completed in November 2020 and will receive students from 2021.

## **Samegrelo**

Zugdidi, Senaki and Tsalenjikha municipalities have been selected as target municipalities for the research in Samegrelo region. The results of the desk survey conducted in the given municipalities are presented below.

### **Zugdidi**

Zugdidi Municipality is an administrative-territorial unit in the Samegrelo-Zemo Svaneti region, the administrative center of which is the city of Zugdidi. The area of the municipality is 668 km<sup>2</sup>, and the population is 100.2 thousand people, which is 32.2% of the population of Samegrelo-Zemo Svaneti.

Zugdidi Municipality is divided into 17 communities and 12 main villages. Zugdidi Municipality accounts for 22.9% of the turnover of enterprises in the Samegrelo region, and 29.1% of the employees in the region. The average salary of employees in the municipality is 710.9 GEL. The vast majority of large trade facilities are represented in Zugdidi, which is due to the larger population compared to other municipalities.

The leading economic sectors in the municipality are agriculture and construction. The municipality also mines minerals such as peat (sludge ore), limestone, barite and gypsum. The most profited industries in Zugdidi Municipality are hazelnut and tea processing. Greenhouses and warehouses are also active here.

There is a higher education institution in Zugdidi. Shota Meskhia Zugdidi State Teaching University, which presents the faculties of Humanities, Business and Law and Health. In addition to undergraduate programs, professional educational programs are offered at the university and it is possible to study such professions as - assistant pharmacist, team lottery, criminologist, accountant. In addition, Business Administration, Georgian Philology, English Philology, Pharmacy, Small Business Management, Pharmaceutical Analysis and History of Georgian Literature are taught.

### **Senaki**

Senaki municipality is located in Samegrelo. Its administrative center is the city of Senaki. The area of the municipality is 520.7 km<sup>2</sup>, and the population is 35.0 thousand people, which is 11.3% of the population of Samegrelo-Zemo Svaneti. The municipality includes 15 administrative units, namely 1 town and 14 villages.

7.3% of the turnover of enterprises in the region, and 10.4% of the employees in the region come from Senaki, thus being in the 3rd place in the region after Zugdidi and Poti. The municipality is rich in mineral deposits such as limestone, sand-gravel, slate limestone, gypsum and others. Greenhouses are also developed in the municipality.

The main direction of the population of the municipality is the development of plants and livestock. From the vegetation an important place is occupied by the production of grain corn and soybeans. Horticulture is more or less developed, important perennials: citrus, fruits, tea, vineyard, laurel, fruit, subtropical persimmon, kiwi and others. Sh. There are great resources for agricultural development in the municipality. Wine production is an industry profile in Senaki municipality.

There is a home for children with disabilities in Senaki - Senaki Psycho-Neurological Boarding House, which has 34 beneficiaries. Zugdidi Shota Meskhia State Teaching University branch also operates in the municipality.

## **Tsalenjikha**

Tsalenjikha Municipality is a self-governing unit in the Samegrelo-Zemo Svaneti region, whose administrative center is located in the city of Tsalenjikha. The municipality consists of 16 administrative units, of which 2 are cities (Tsalenjikha and Jvari) and 14 villages. The area of Tsalenjikha municipality is 646.7 km<sup>2</sup>, and the population is 23.7 thousand people. Tsalenjikha is located 22 km from Zugdidi, which simplifies active cooperation with the regional center, both in economic, employment and other areas.

Tsalenjikha's contribution to the region's economy is quite small. It accounts for 1.7% of the turnover of enterprises in the region and 1.9% of the products produced in the region. It is also noteworthy that Tsalenjikha accounts for 3.1% of regional employment. The average salary in the municipality is 423.9 GEL, which is only ahead of Chkhorotsku and far behind the same indicator of other municipalities in the region.

In Tsalenjikha municipality, profiled types of industry are wood processing and tea production. There are 5 enterprises in Tsalenjikha, which are mainly engaged in processing hazelnuts and tea and produce a total of 727 tons of products. The largest hydroelectric power plant in the Caucasus, Enguri HPP, is located in Tsalenjikha.

Lakada Vocational College operates in Jvari, Tsalenjikha district, and its rehabilitation was completed in 2017. The college offers the following vocational education programs: electricity, information technology, locksmith, plumber, garment manufacturer, including agricultural programs.

## Summary of characteristics of the selected municipalities

Municipality	Region	Proximity to the administrative center	Number of potential employers (by region)	Share of the population of the region	Amount of investments (investments in assets)	Turnover of enterprises	Employment share in the region	Existence of public / vocational schools	Selected fields	Target vulnerable groups
<b>Batumi</b>	<b>Adjara</b>	Yes	High	48.1%	93.5%	82.2%	83.5%	11	Transport, warehousing Tourism construction	Socially vulnerable eco-migrants; Persons with disabilities; Youth (NEET)
<b>Kobuleti</b>	<b>Adjara</b>	Yes	Medium	20.5%	1.62%	0.4%	1.1%	1	Citrus, construction Tourism	Religious minorities; Socially vulnerable; Persons with disabilities; Youth (NEET)
<b>Keda</b>	<b>Adjara</b>	Yes	Medium	4.8%	0.26%	0.4%	1.2%	Planned	Trout production, horticulture	Religious minorities; Persons with disabilities; Youth (NEET)
<b>Zugdidi</b>	<b>Samegrelo Zemo-Svaneti</b>	Yes	High	32.2%	8.28%	22.9%	29.1%	3	Manufacturing, construction, agriculture	
<b>Tsalenjikha</b>	<b>Samegrelo Zemo-Svaneti</b>	Yes	Medium	7.6%	0.38%	1.7%	3.1%	1	Timber processing and tea production	
<b>Senaki</b>	<b>Samegrelo Zemo-Svaneti</b>	Yes	Medium	11.3%	4.53%	7.3%	10.4%	1	Vegetation and livestock, tourism	

<b>Ozurgeti</b>	<b>Guria</b>	Yes	Medium	55.4%	92.17%	67.4%	71.5%	1	Agriculture, food industry
<b>Chokhatauri</b>	<b>Guria</b>	Yes	Medium	16.7%	3.85%	15.5%	13%	Planned	Fruit growing, viticulture, animal husbandry
<b>Lanchkhuti</b>	<b>Guria</b>	Yes	Low	27.9%	4.0%	11.9%	15.5%	Planned	Citrus farming, animal husbandry, tourism

## Appendix # 2 Survey data

Research Group	Related (Quantitative)	Composed	Related (Qualitative)	Composed	Focus Group Related	Composed	Total Related	Total surveyed
Business sector	300	184	30	24	18	14	348	222
Non governmental sector	0		10	8			10	8
Educational sector	0		8	8			8	8
Vulnerable groups	0				45	36	45	36
Public sector	0		9	9			9	9
<b>Total respondents</b>	<b>300</b>		<b>57</b>	49	<b>63</b>	50	<b>420</b>	283

## Appendix # 3 Statistics and tables from various sources used in the study

Table # 1 Number of Registered and Families Receiving Subsistence Allowance in Targeted Social Programs Database

District	Registered families	Registered individuals
Lanchkhuti	4 350	13 172
Ozurgeti	2 268	6 247
Ozurgeti district	6 361	20 622
Chokhatauri district	3 671	11 244
<b>Guria</b>	<b>16 650</b>	<b>51 285</b>
Zugdidi district	10 904	33 501
Senaki district	4 406	12 241
Foti	2 310	6 145
Tsalenjikha district	3 786	11 673
<b>Samegrelo Zemo-Svaneti</b>	<b>21 406</b>	<b>63 560</b>
Batumi	8 639	28 709
Keda district	3 229	13 885
Kobuleti district	8 274	33 526
Autonomous Republic of Adjara	<b>31 521</b>	<b>76 120</b>

Table # 2 Number of Disabled and Disabled People Registered in the Targeted Social Programs Database

Region/ district	Number of registered families				Subsistence allowance recipients			
	Family with disabilities	Disabled person	Family with incapable labor **	A person incapable of labor	Family with disabilities	Disabled person	Family with incapable labor **	A person incapable of labor
Lanchkhuti district	1 230	1 497	3 635	6 865	553	716	1 457	3 383
Ozurgeti	391	423	1 838	3 169	222	245	898	1 705
Ozurgeti district	1 101	1 225	5 173	9 837	400	462	1 637	3 937
Chokhatauri district	631	716	3 015	5 640	303	366	1 075	2 552
<b>Guria</b>	<b>3 353</b>	<b>3 861</b>	<b>13 661</b>	<b>25 511</b>	<b>1 478</b>	<b>1 789</b>	<b>5 067</b>	<b>11 577</b>
Zugdidi district	1 585	1 742	8 650	16 038	1 077	1 199	5 433	11 081
Senaki district	787	885	3 626	6 476	475	537	2 007	3 973
Foti	379	404	1 864	3 147	173	189	869	1 572
Tsalenjikha district	587	655	3 010	5 682	352	406	1 634	3 544
<b>Samegrelo Zemo Svaneti</b>	<b>6 197</b>	<b>6 978</b>	<b>29 891</b>	<b>55 542</b>	<b>3 593</b>	<b>4 144</b>	<b>16 124</b>	<b>34 095</b>
Batumi	1 682	1 932	7 073	13 501	800	942	3 628	7 405
Keda district	822	991	2 701	6 091	380	480	1 201	3 214
Kobuleti district	1 700	1 986	6 826	14 702	631	791	2 251	5 824
<b>Adjara autonomous republic</b>	<b>7 217</b>	<b>8 623</b>	<b>26 163</b>	<b>56 084</b>	<b>3 098</b>	<b>3 922</b>	<b>10 882</b>	<b>26 782</b>

Table # 3 Number of IDPs by regions and municipalities

Region	District	Number of IDPs.	Number of families
Adjara	Keda	4337	1425
Adjara	Kobuleti	1675	579
Adjara	Batumi	4337	1425
Adjara total		10349	3429
Guria	Chokhatauri	108	38
Guria	Lanchkhuti	182	53
Guria	Ozurgeti	231	77
Guria total		521	168
Samegrelo Svaneti	Zemo-Senaki	8340	2709
Samegrelo Svaneti	Zemo-Tsalenjikha	9055	2690
Samegrelo Svaneti	Zemo-Foti	10866	3229
Samegrelo Svaneti	Zemo-Zugdidi	47551	14371
Samegrelo Svaneti	Zemo-	75812	22999

Table # 4 Vocational Education Indicators by Region

Vocational education indicators by regions								
(Unit)	Number of educational institutions		Number of enrolled students		Number of graduates		Number of teachers	
	Private	Public	Woman	Man	Woman	Man	Woman	Man
<b>2019</b>								
Tbilisi	35	13	2 967	2 404	2 529	1 912	1 721	824
Adjara	9	6	1 004	1 819	1 033	1 422	469	243
Guria/ Racha-lechkhumi and Kvemo Svaneti/Mtskheta Mtianeti	-	4	155	221	184	228	126	68
Samegrelo Zemo Svaneti	2	4	384	404	332	243	202	82
Samtskhe- Javakheti	2	2	130	230	233	226	91	33
Kvemo Kartli	3	1	145	43	168	84	99	20
Shida Kartli	2	4	191	121	214	159	172	48
<b>Georgia</b>	<b>62</b>	<b>43</b>	<b>5 510</b>	<b>6 019</b>	<b>5 448</b>	<b>5 480</b>	<b>3 431</b>	<b>1 578</b>

Table # 5. Key statistical indicators of those interested in vocational education programs in 2019

Region	15+ population	Number of institutions	Number of registrants and distribution by gender and region				Number of enrollees by gender and region (% of registrants)			
			#	#	%	Women %	Men %	#	%	Women %
Guria	96 700	1	178	0.92	54	46	123	69.1	54	46
Mtskheta Mtianebi	78 100	2	314	1.63	33	67	219	69.75	35	65
Samtskhe Javakheti	132 400	4	600	3.11	43	57	360	60	36	64
Kvemo Kartli	328 400	5	273	1.41	70	30	187	68.5	78	22
Kakheti	252 500	6	669	3.46	44	56	503	75.19	46	54
Shida Kartli	213 000	6	510	2.64	59	41	312	61.18	61	39
Samegrelo Zemo Svaneti	274 200	7	1 203	6.23	50	50	878	72.98	49	51
Imereti, Racha Lechkhumi and Kvemo Svaneti	455 900	14	1 841	9.53	42	58	842	45.74	38	62
Adjara	273 000	14	4 281	22.17	38	62	2 820	65.87	36	64
Tbilisi	930 100	48	9 443	48.9	55	45	5 375	56.92	55	45
Total	3 043 300	107	19 312	100	49	51	11 528	59.69	48	52

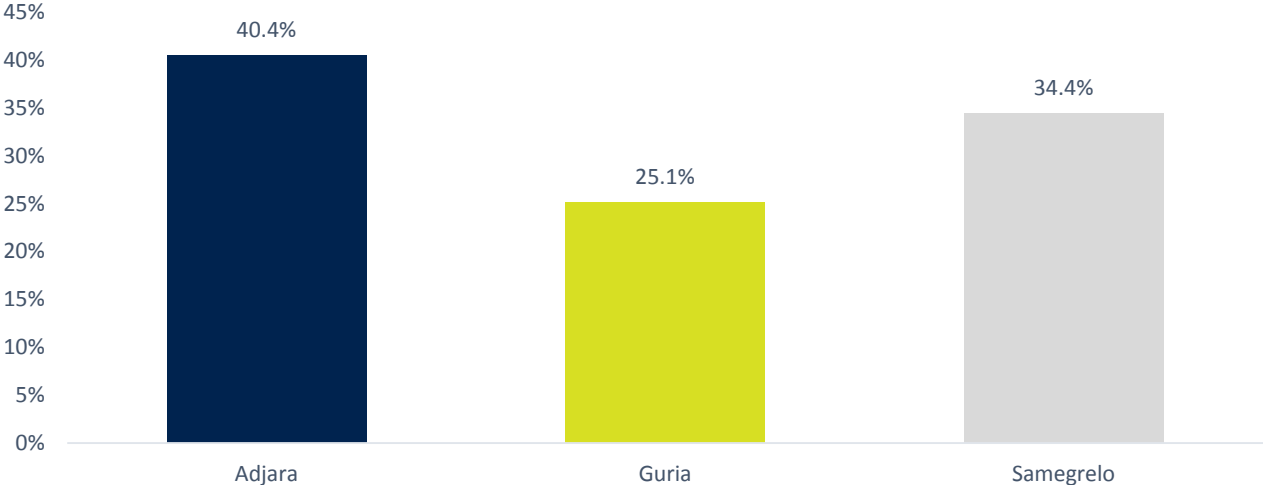
Table # 6. Key characteristics of selected fields in the regions

Selected Sector	Agriculture, Forestry and Fisheries	Accommodation and Food Supply Activities	Information and Communication	Manufacturing	Administrative and Other Support Services
<b>Guria</b>					
Employment Rate	Low	Above avarega	Low	Above avarega	Low
Investment Rate	Low	Low	Low	High	Low
Average Monthly Salary	598.00	785.00	286.00	1058.00	983.00
Priority State Supported	Yes	Yes	Yes	Yes	Yes
Donor Supported	Yes	Yes	No	Yes	No
New Non-Traditional	No	Yes	Yes	No	Yes
<b>Adjara</b>					
Employment Rate	Low	High	Low	High	Low
Investment Rate	Low	High	Low	High	Low
Average Monthly Wage	235.00	802.7	911.00	761.2	1065.3
Priority State Supported	Yes	Yes	Yes	Yes	Yes
Donor Supported	Yes	Yes	Not revealed	Yes	No
New Non-Traditional Field	No	No	Yes	No	No
<b>Samegrelo</b>					
Employment rate	Below average	Below average	Low	High	Low
Investment Rate	Average	Low	Low	Average	Low

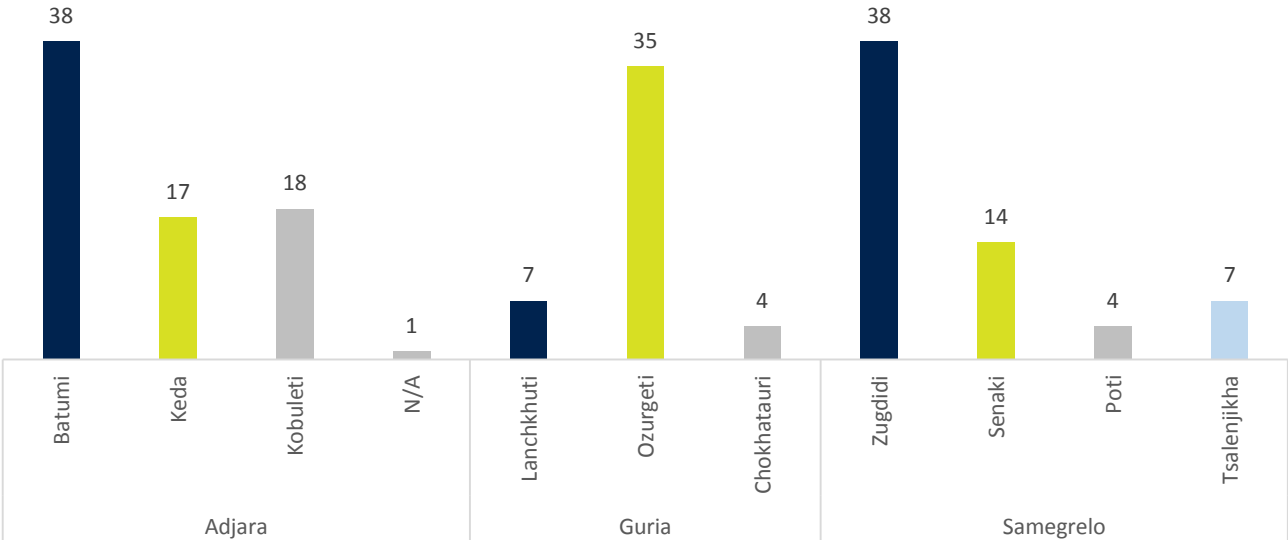
Average Monthly Wage	860.80	543.5	633.50	782.2	633.5
Priority State Supported	Yes	Yes	Yes	Yes	Yes
Donor Supported	Yes	Yes	No	Yes	No
New Non-Traditional Field	No	Yes	Yes	No	Yes

# Appendix # 4 Quantitative Research Infographics

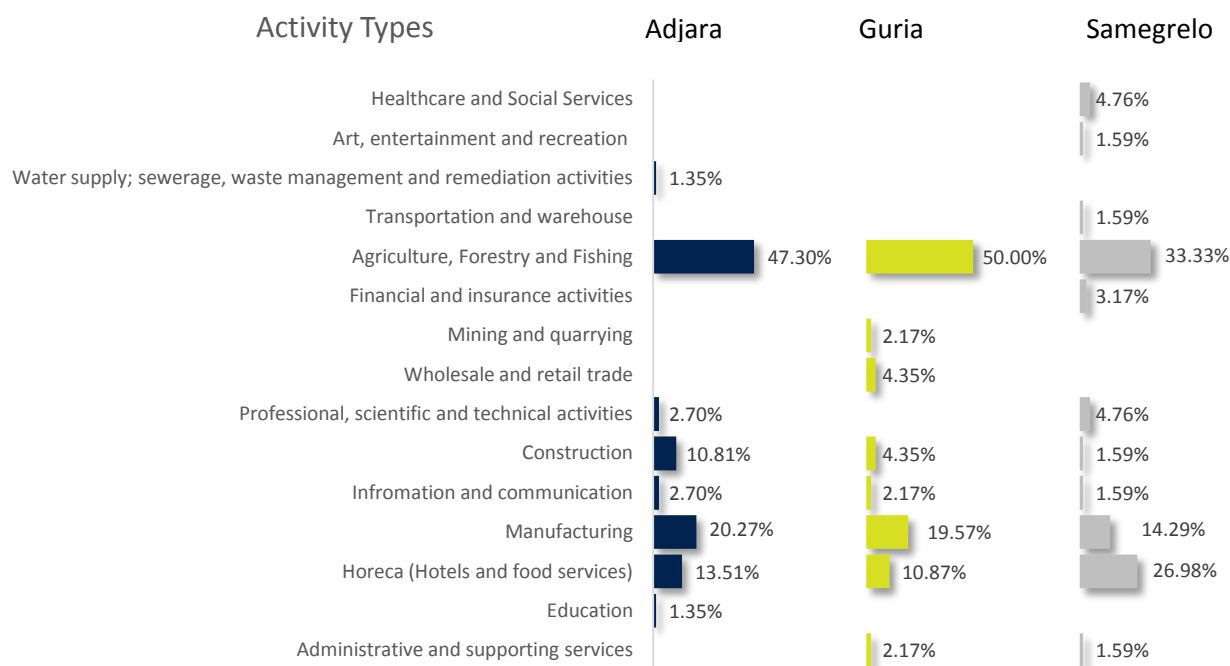
**Graph1.** Distribution of respondents within the study by regions:



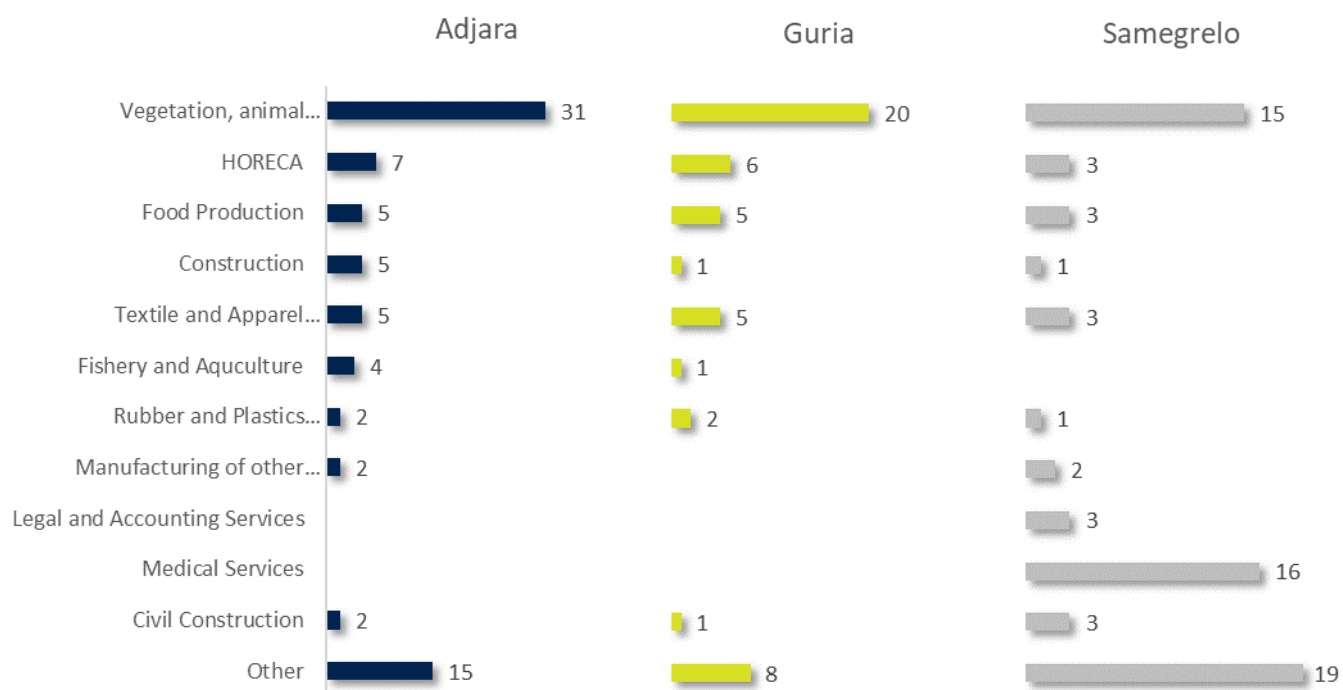
**Graph2.** Distribution of surveyed business entities by municipalities



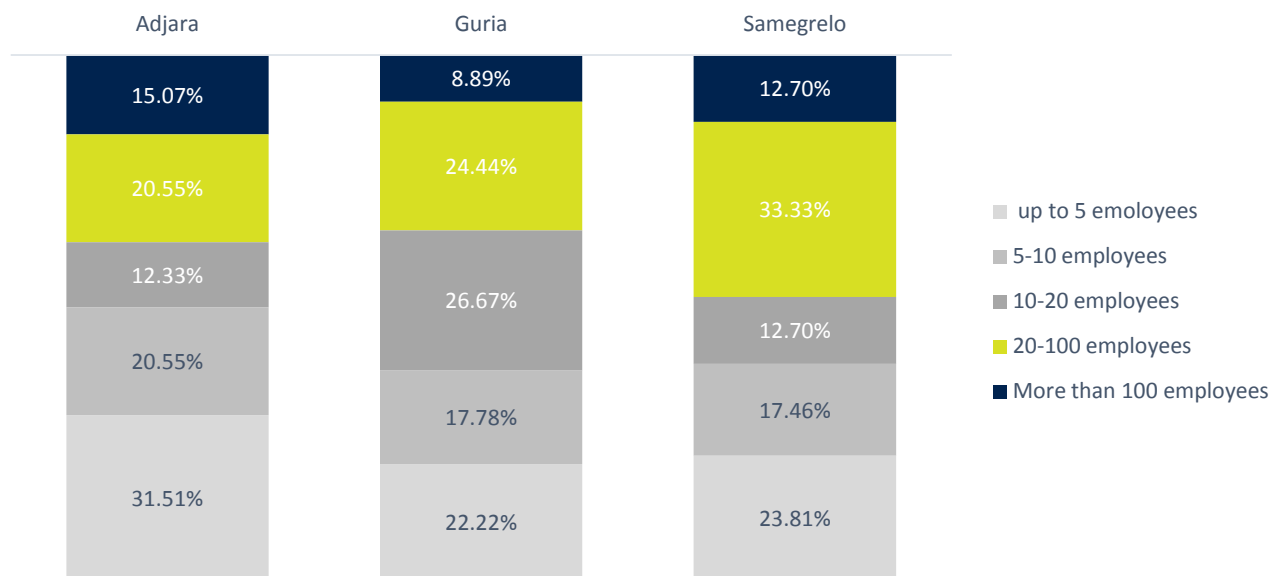
**Graph3.** Areas of activity of hte surveyed business entities in the regional context



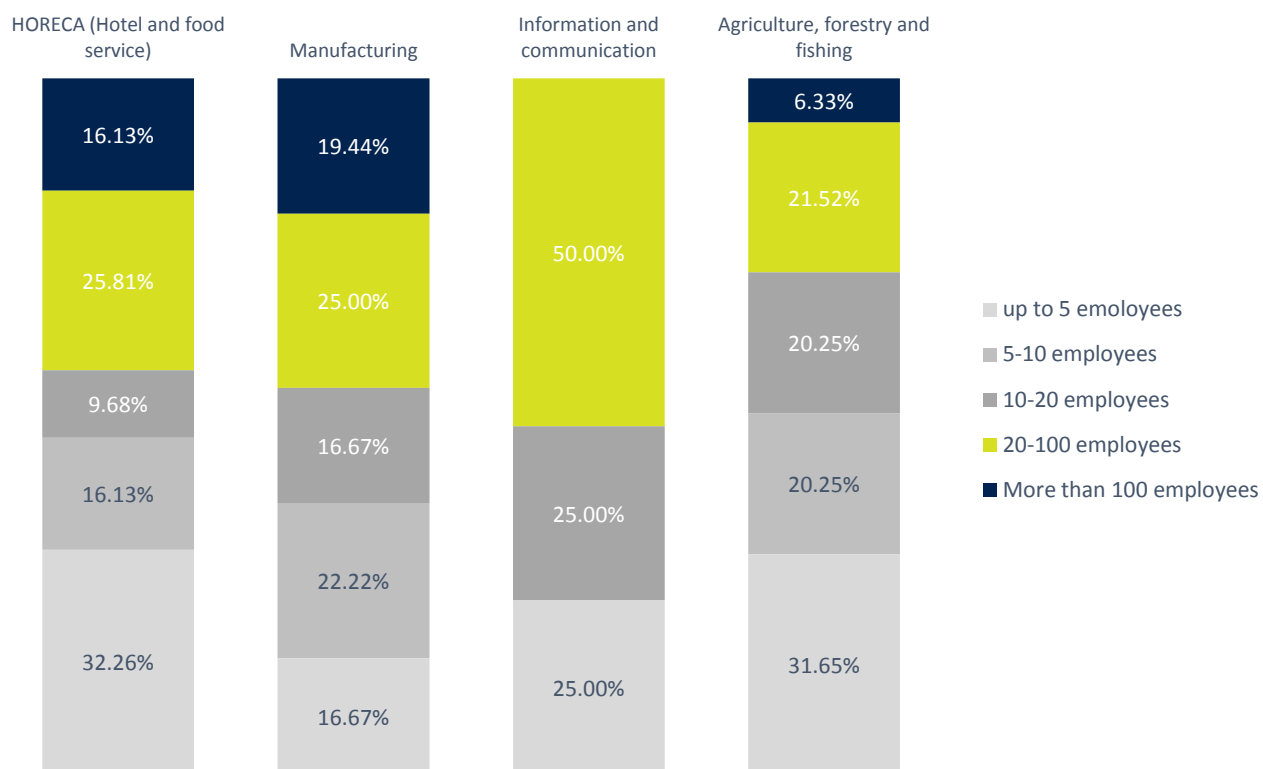
**Graph4.** Numbers of business entities surveyed by regions and areas of activity



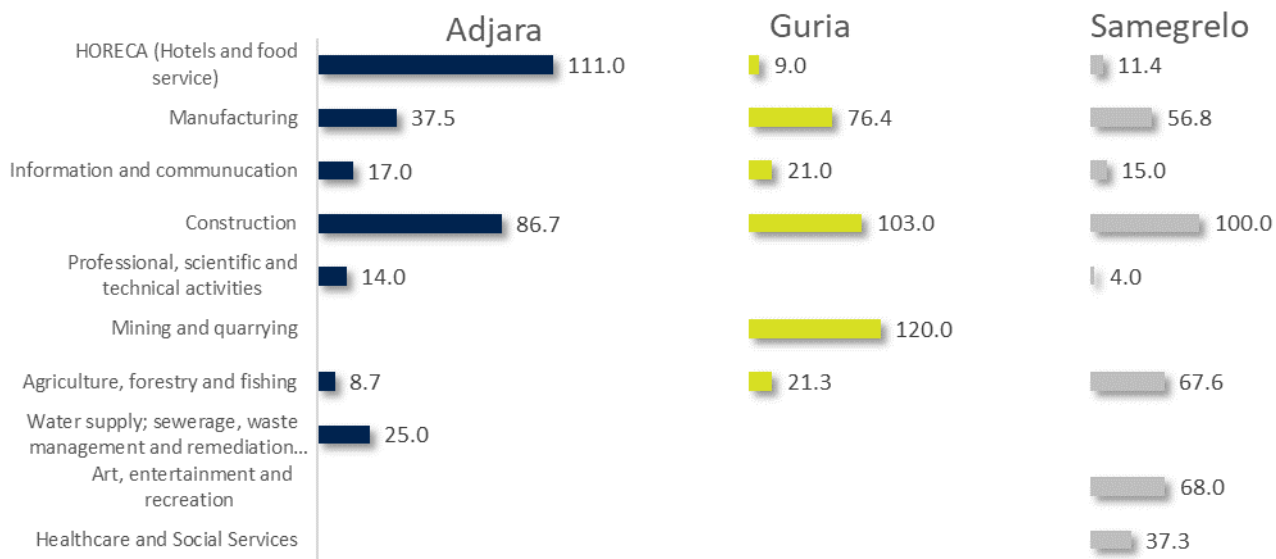
**Graph5.** Distribution of Surveyed Business Entities by Number of Employees and Regions



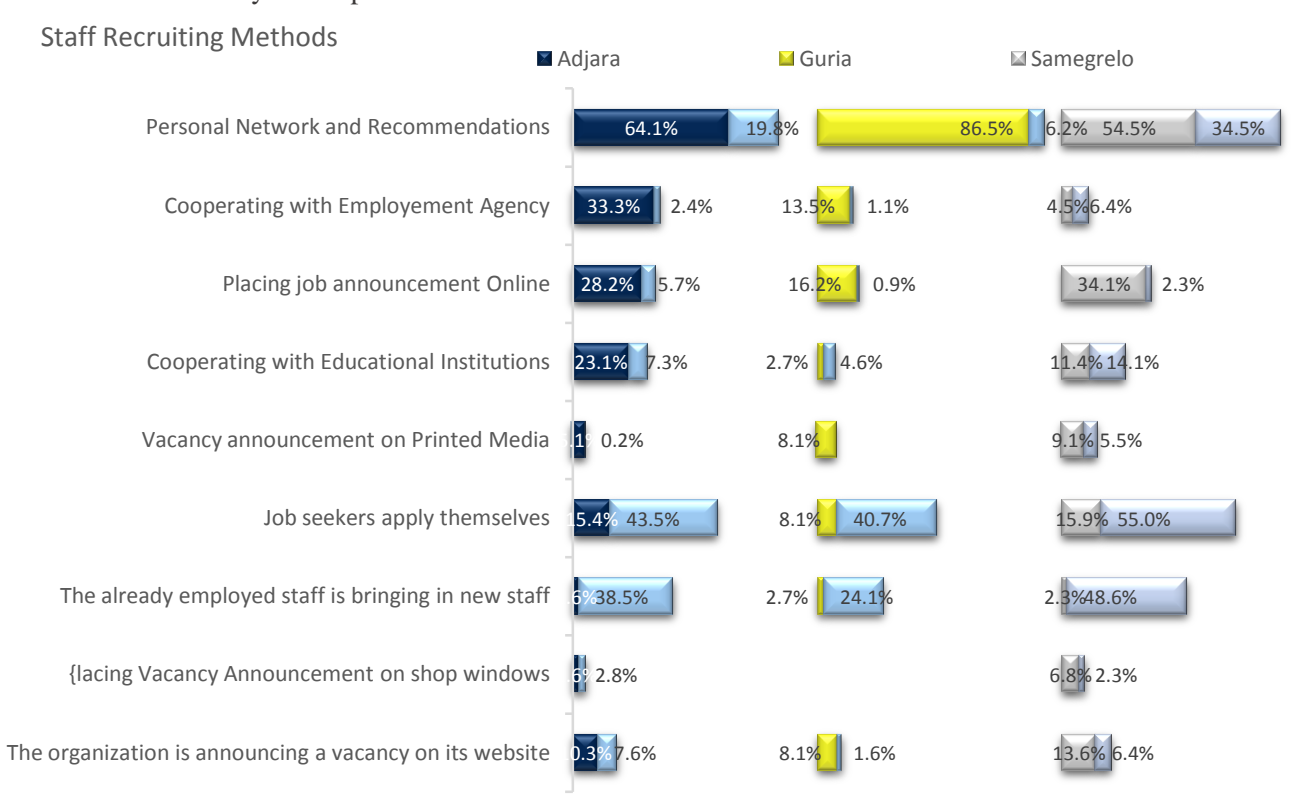
**Graph6.** Surveyed business entities by number of employees and Type of Activity



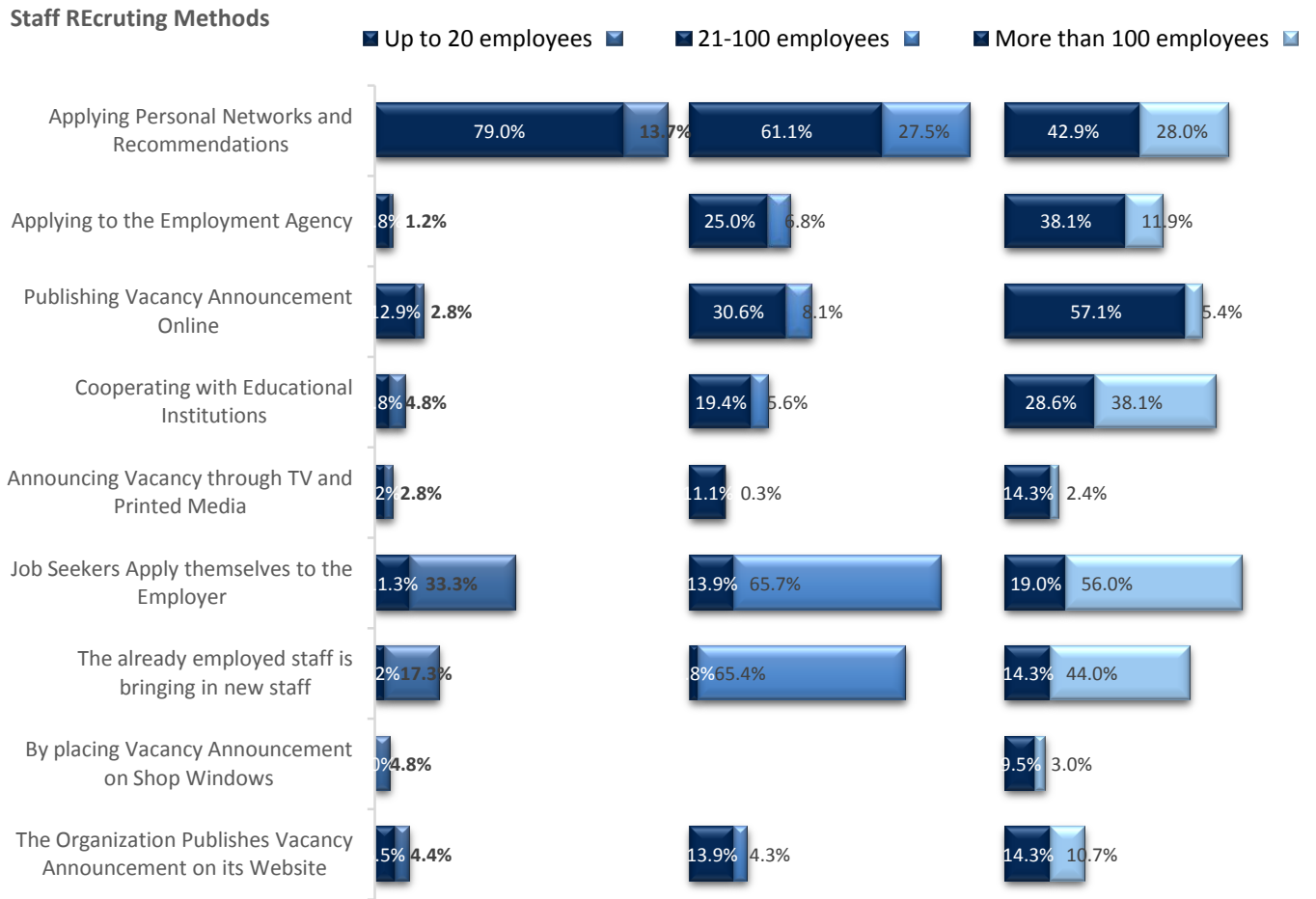
**Graph7.** The average number of employees in the surveyed business entities by regions and sectors



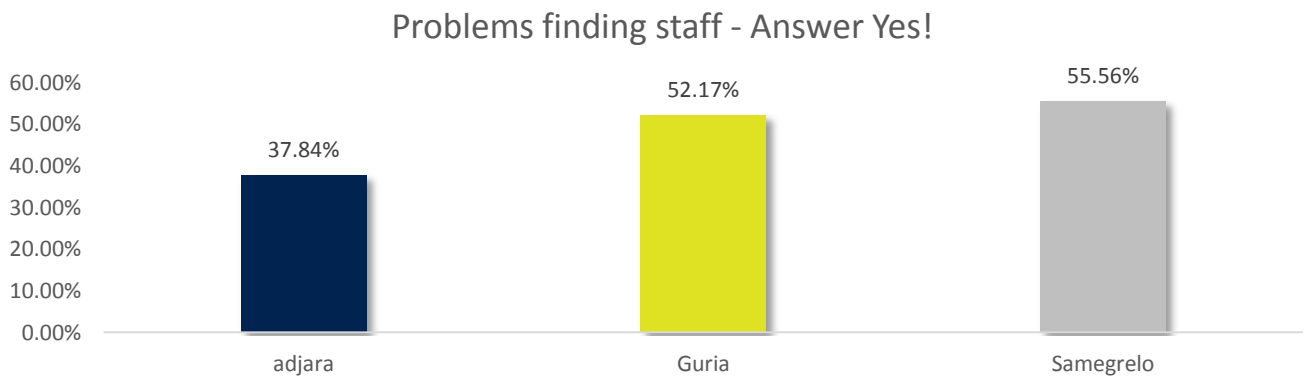
**Graph8.** Ways of recruiting staff mentioned by the surveyed business entities. The indicators reflect the answers first named by the respondent and named after the reminder



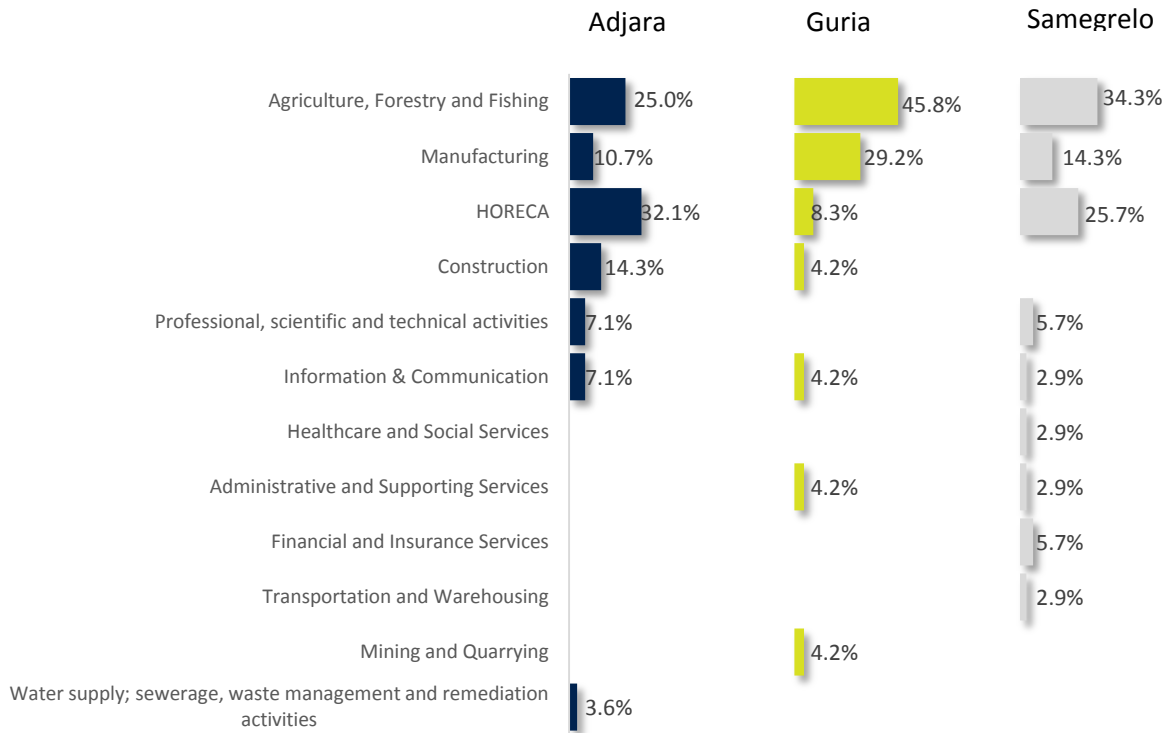
**Graph9.** Ways to attract staff named by the interviewed business entities according to the size of the companies



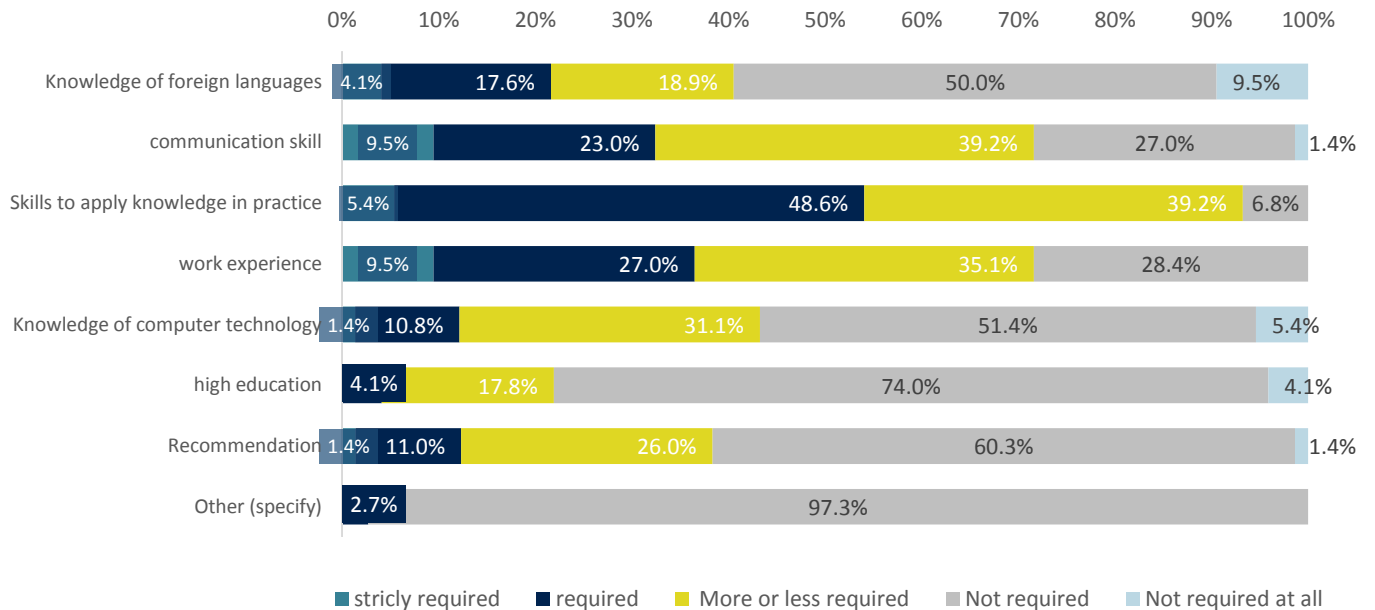
**Graph10.** Do you have problems in finding personnel?



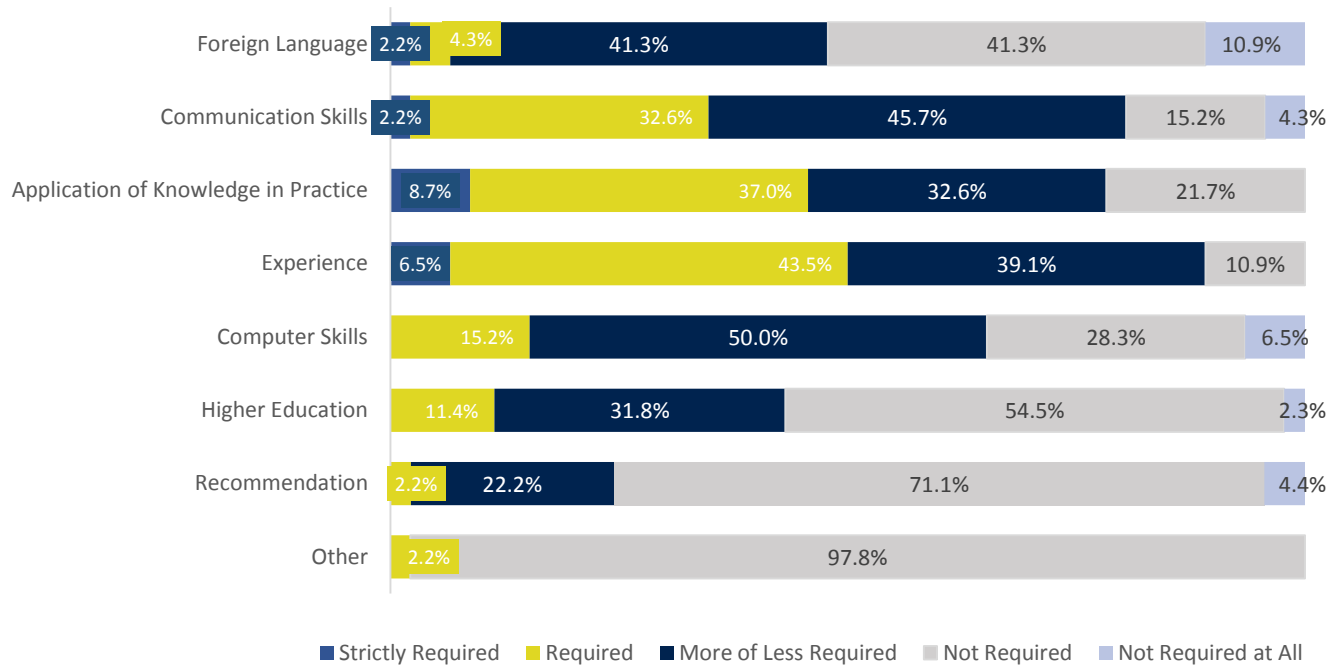
**Graph11.** Sectors in which the problem of finding staff was most frequently mentioned in the regional context



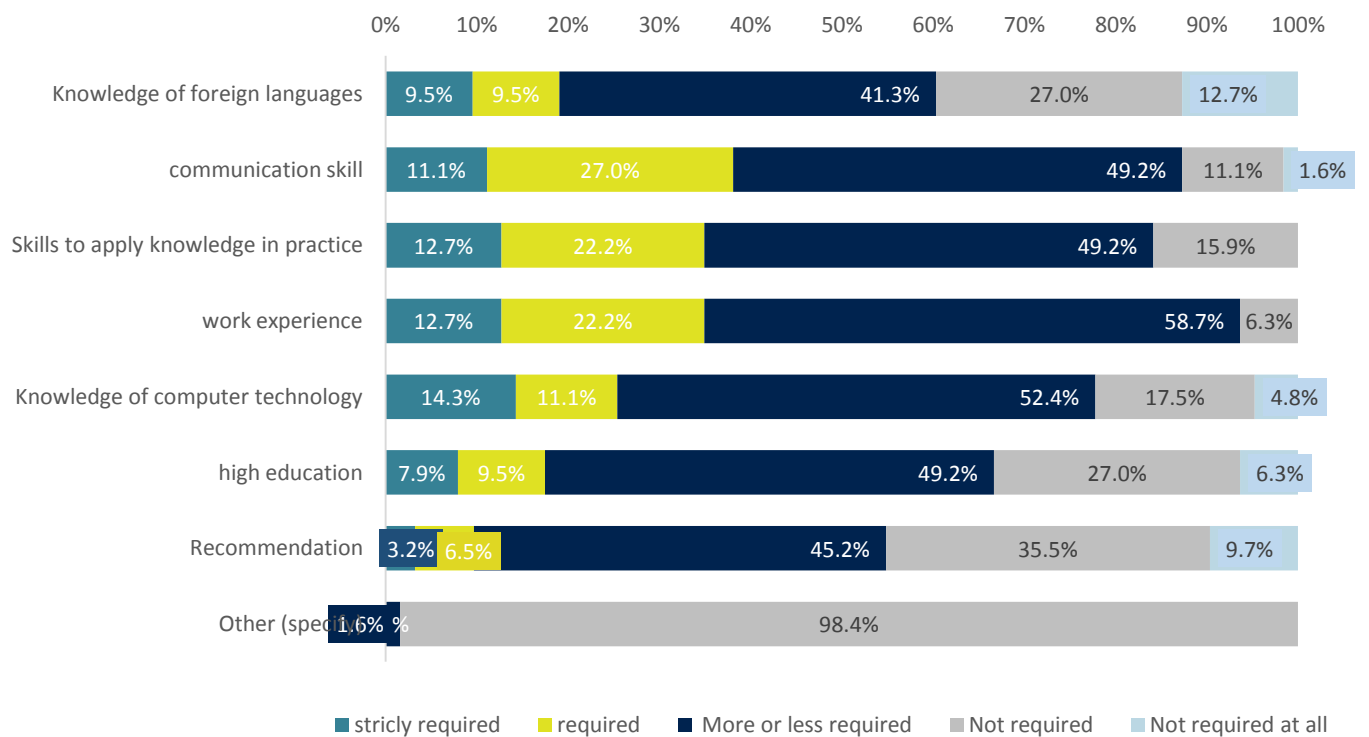
**Graph12.** Skills required when selecting staff- Adjara



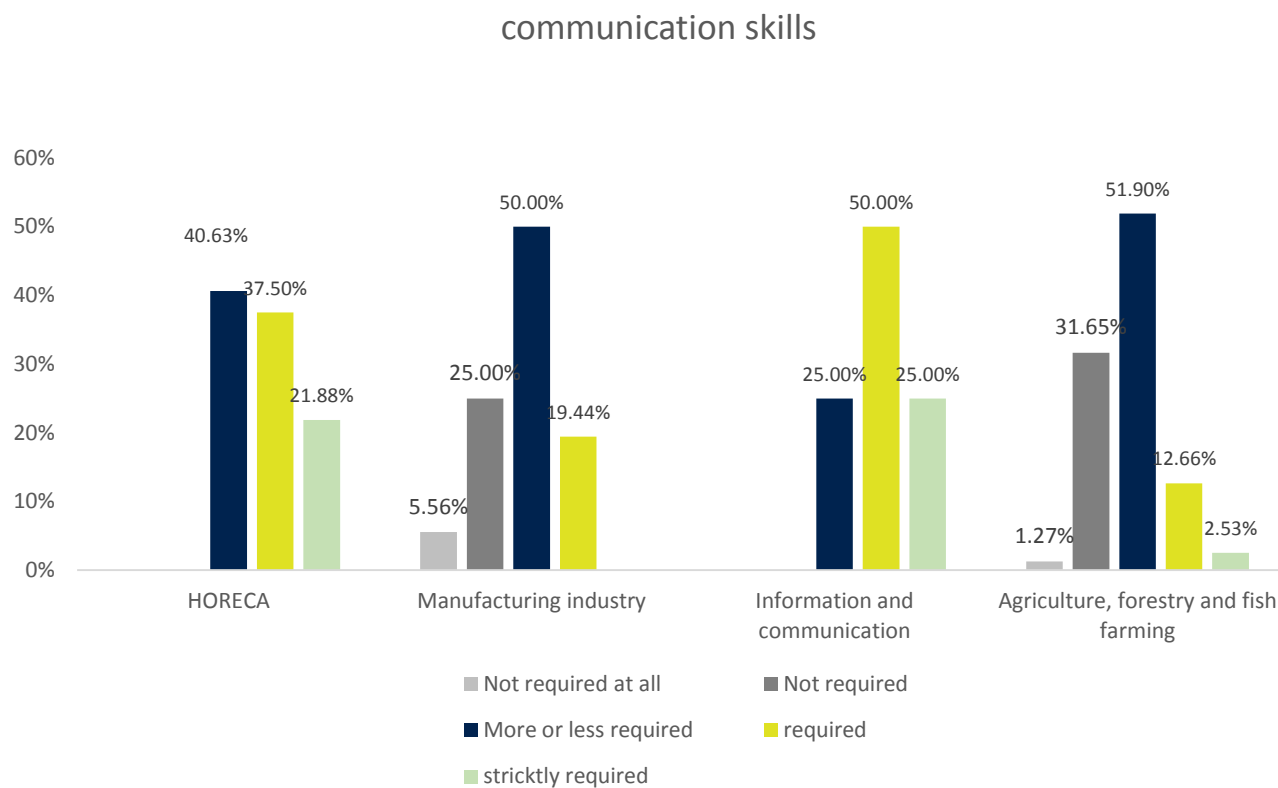
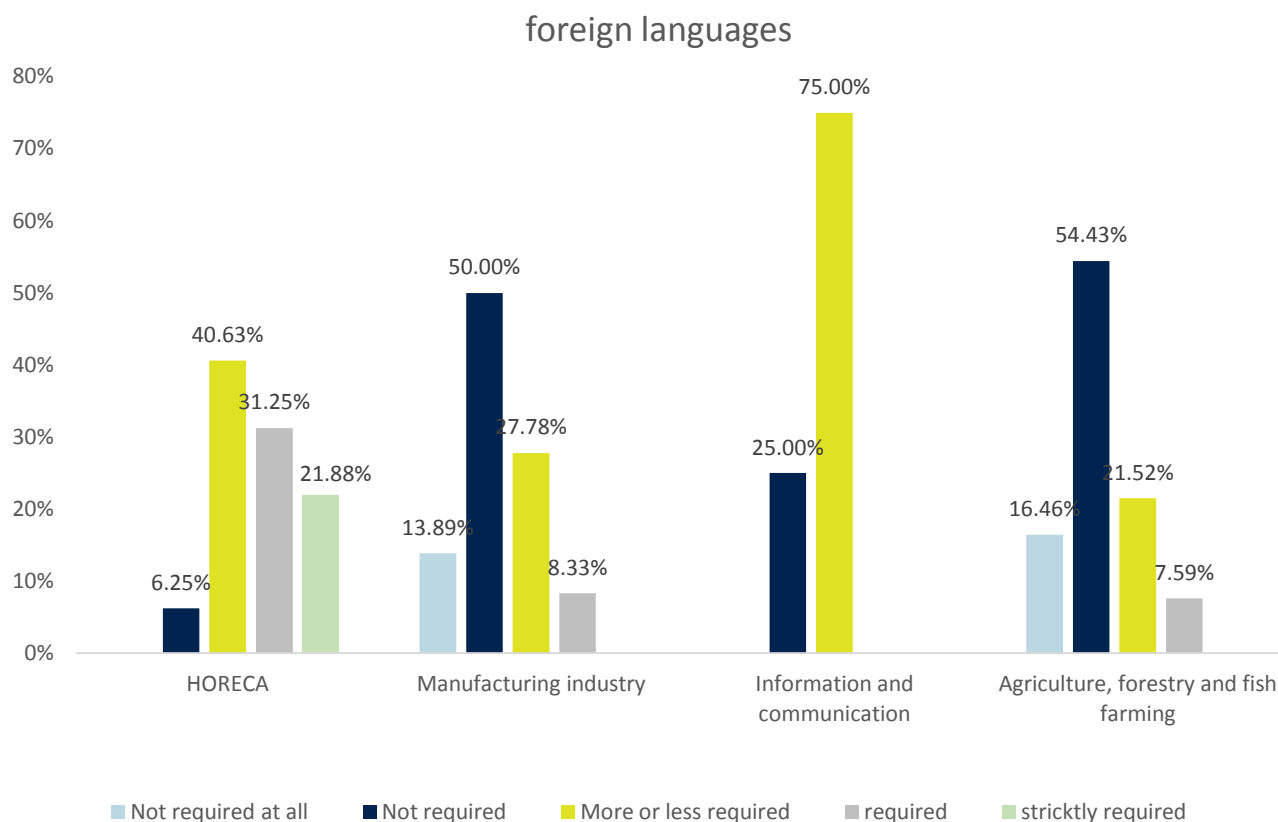
**Graph13.** Skills required when selecting staff- Guria



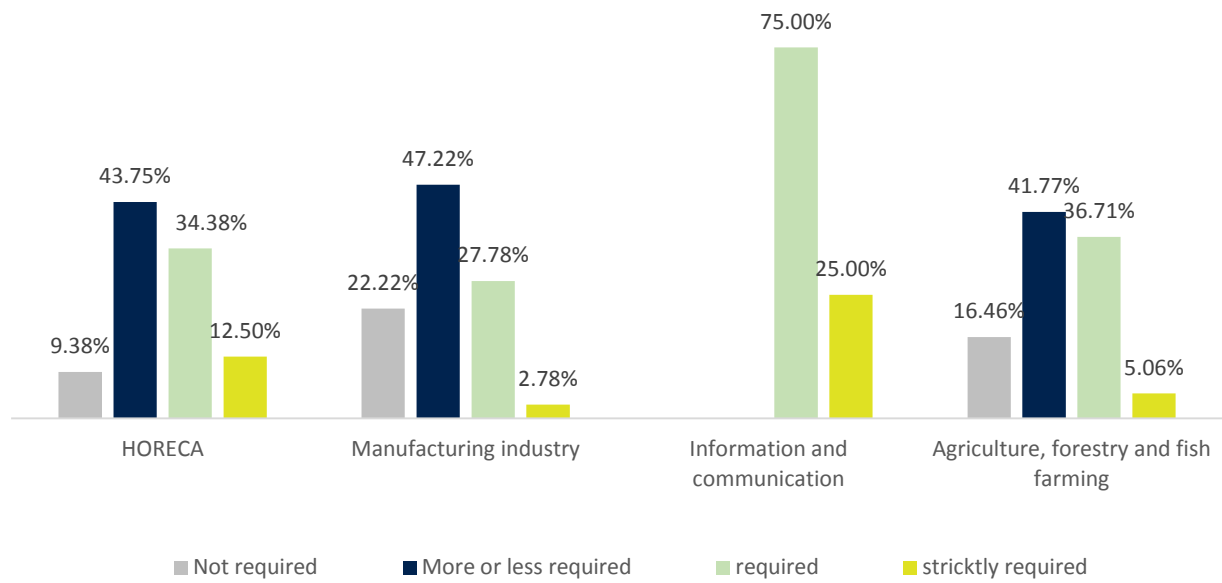
**Graph14.** Skills required when selecting staff- Samegrelo



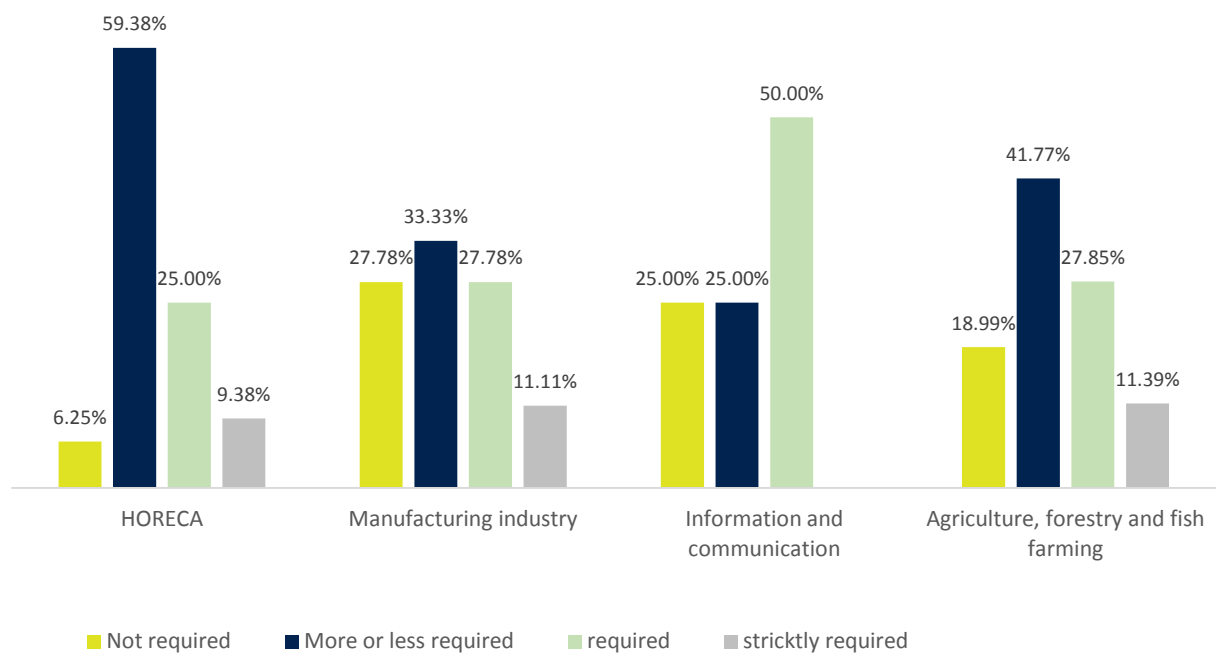
**Graph15.** Qualification requirements by sector



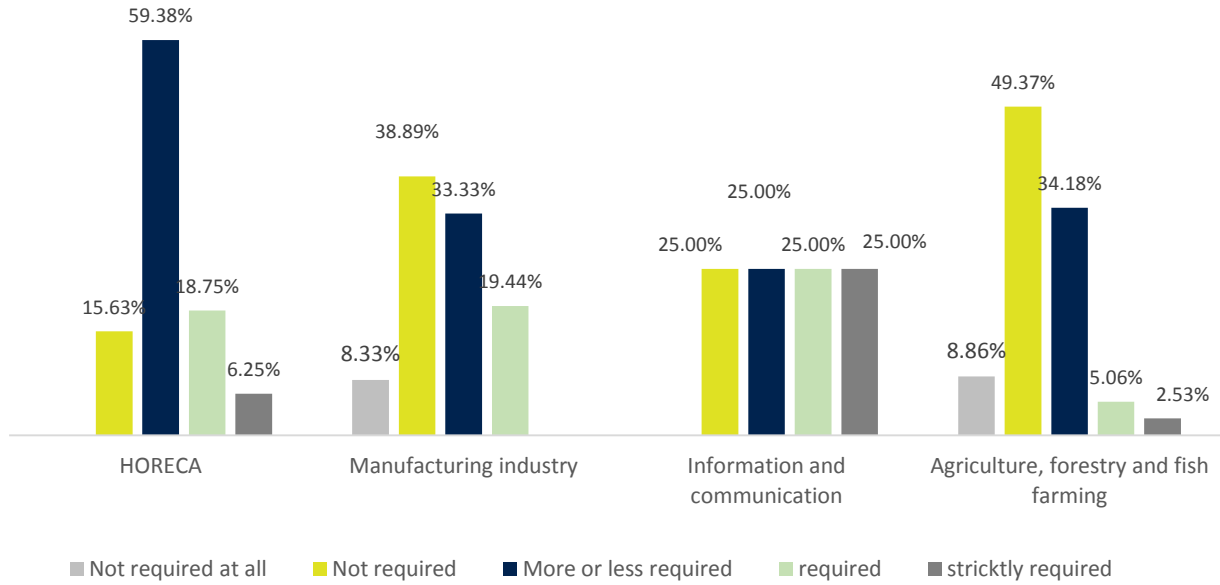
## Application of Knowledge in Practice



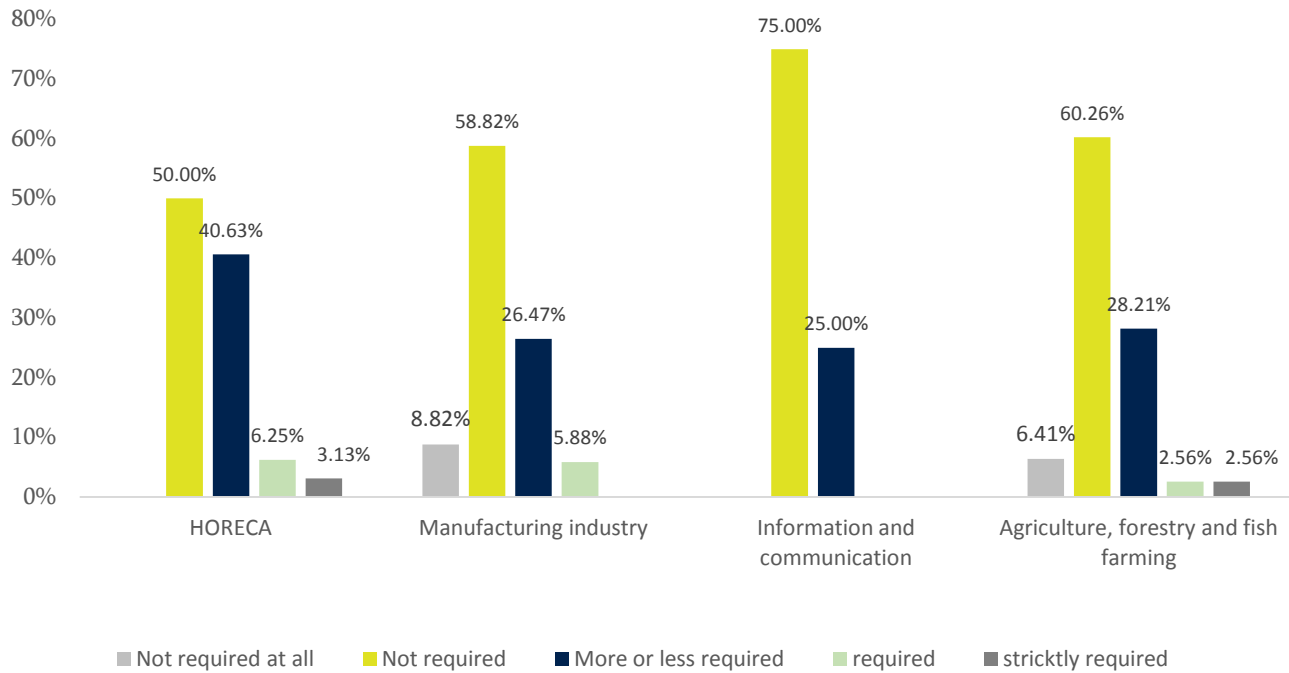
## Work experience



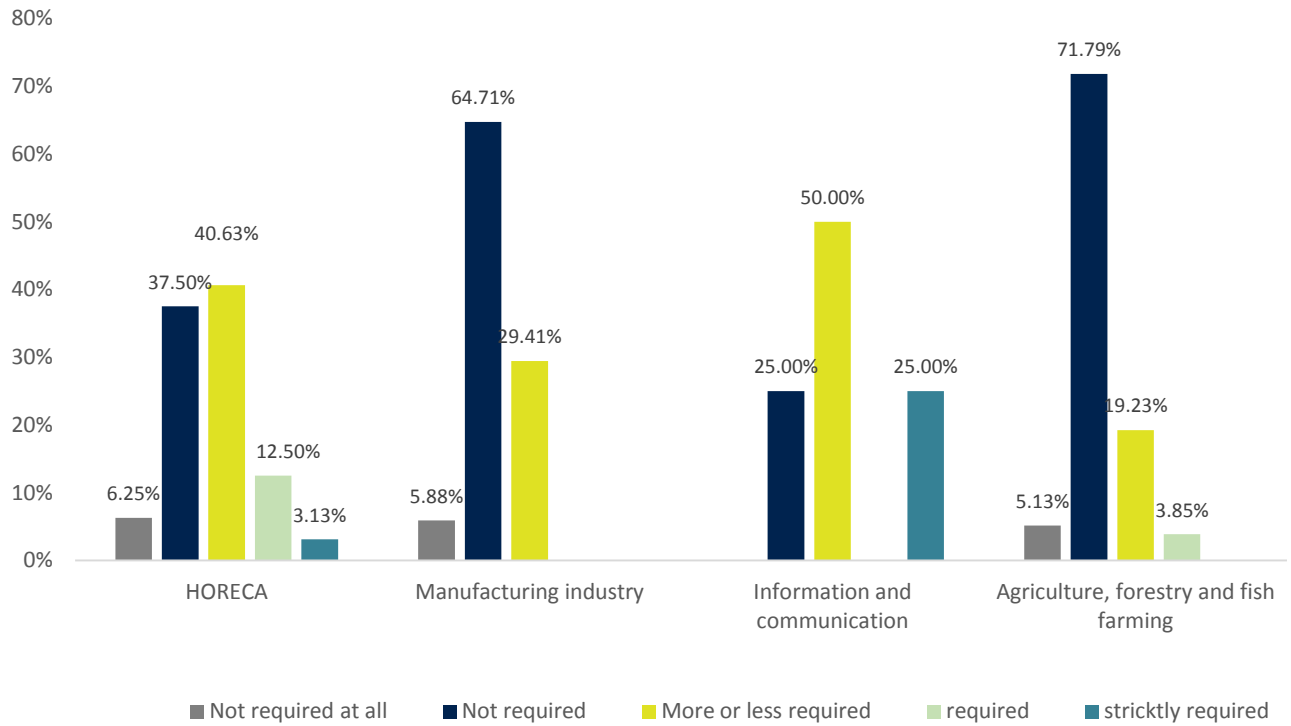
## Computer Literacy



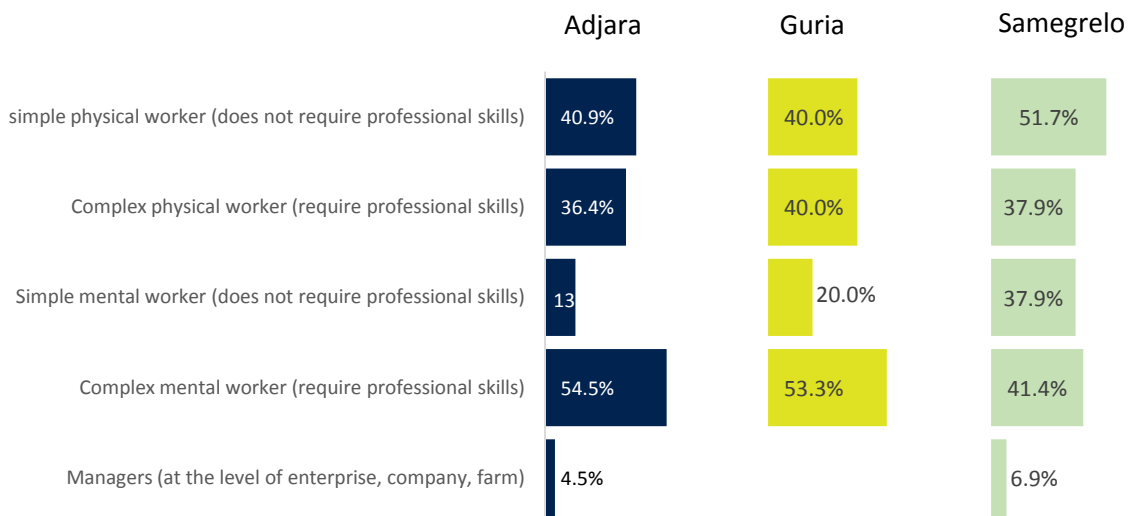
## Higher Education



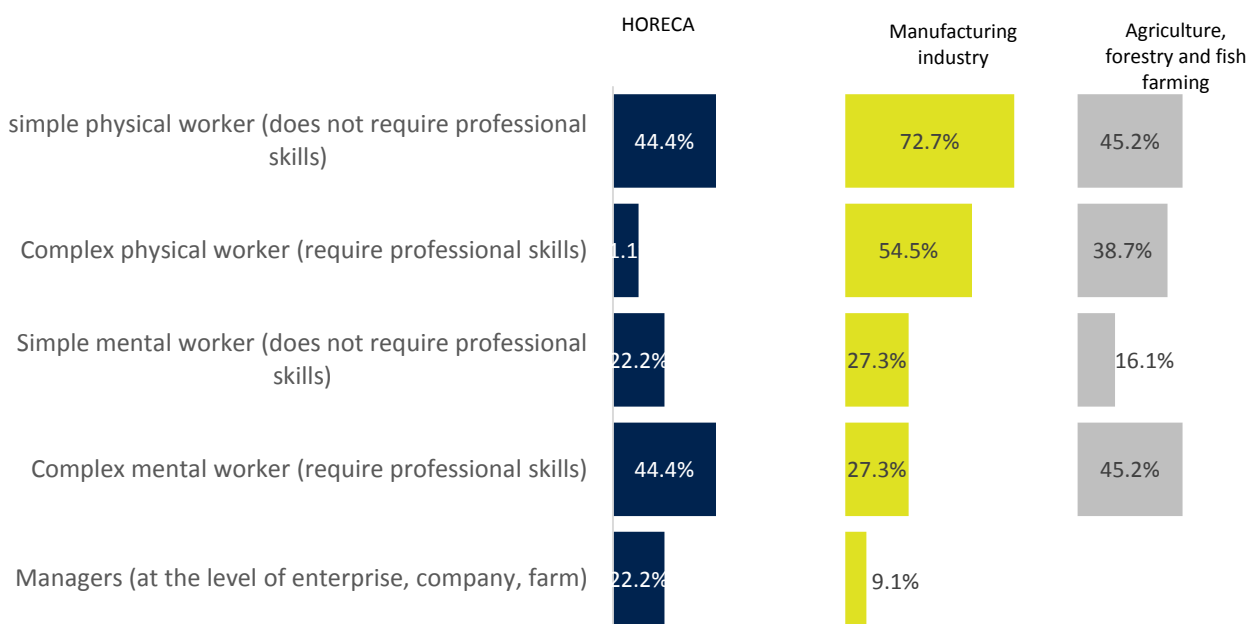
## Recommmentadions



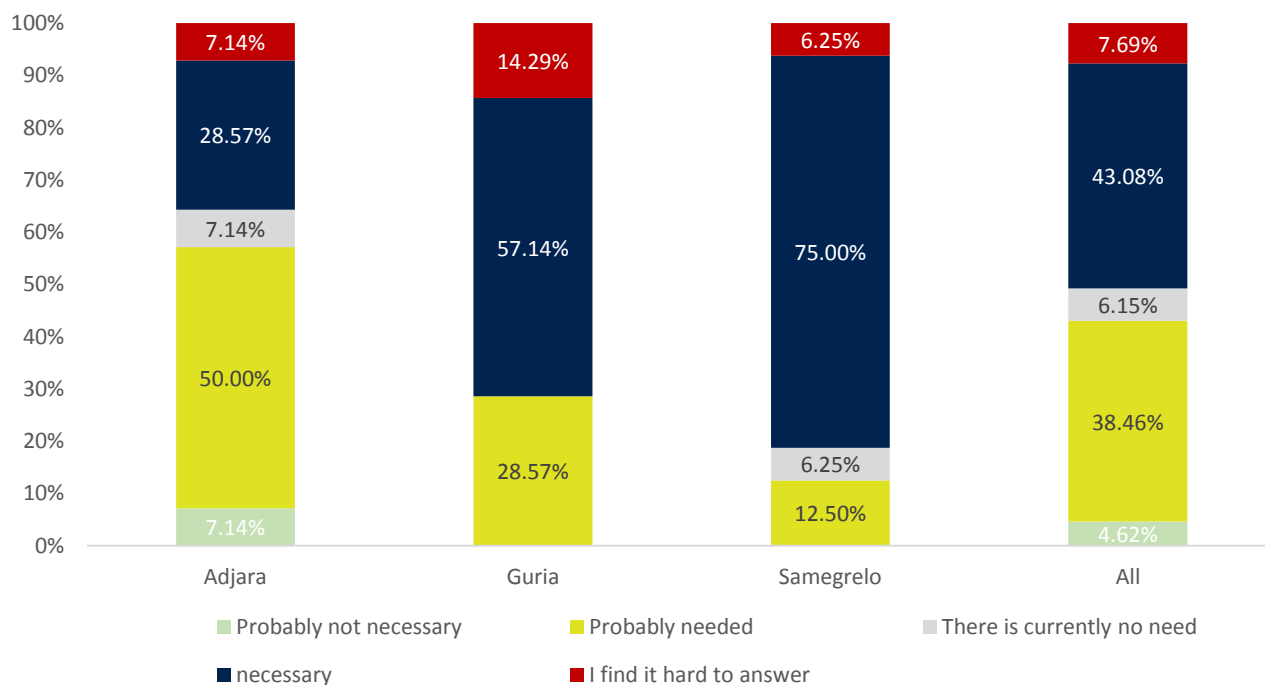
**Graph16.** What type of staff shortage exists in the surveyed subjects by regions



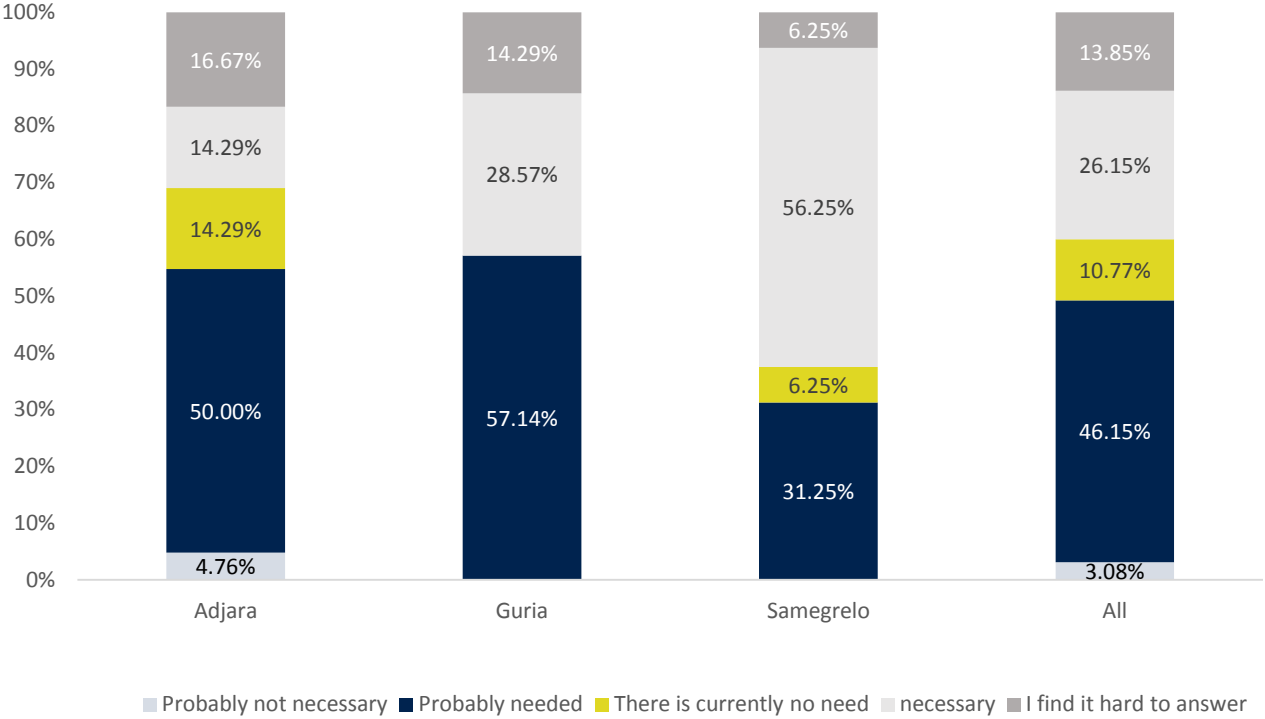
**Graph17.** What type of staff shortage exists in the surveyed subjects by sectors



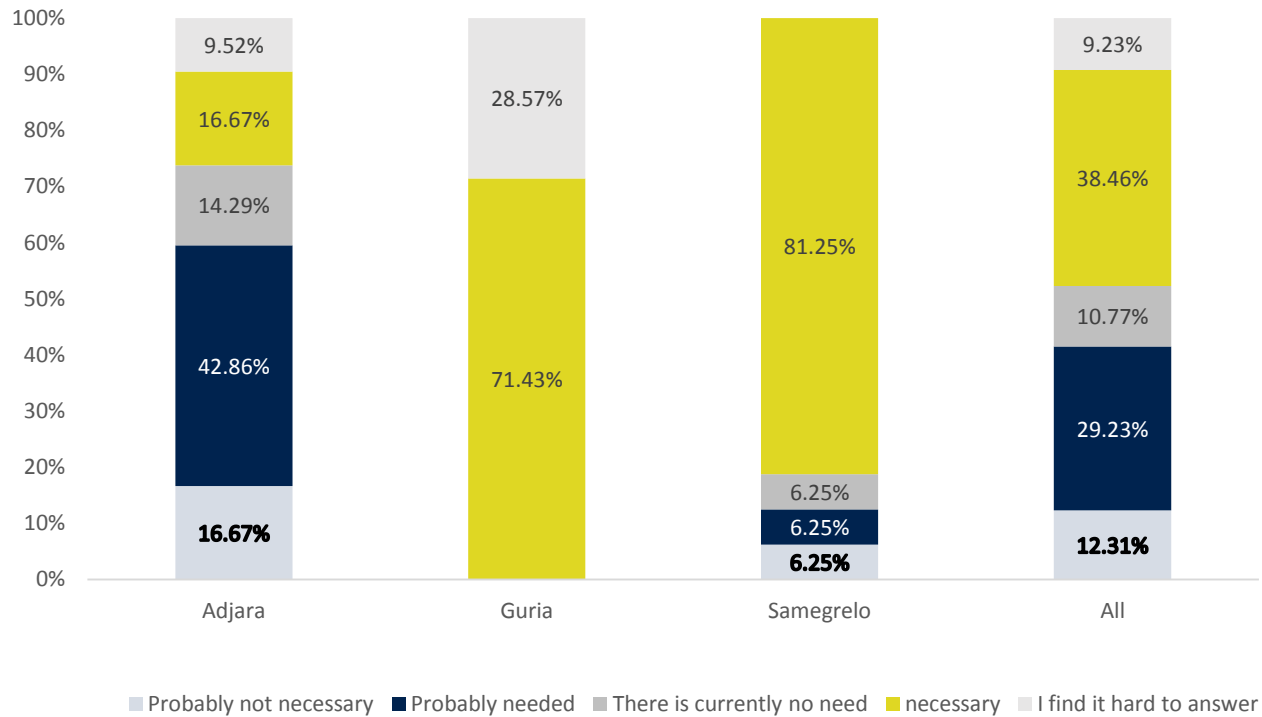
**Graph18.** Do you think it is advisable to have a close relationship with a higher and vocational school that trains specialists in the professions required for your organization:



**Graph19.** Is your organization interested in participating in the development of training and production programs according to the professions that are necessary for your organization?



**Graph20.** Is your organization interested in accepting graduates of vocational schools according to the professions that are necessary for your organization?



**Graph21.** Is your organization interested in accepting graduates of vocational schools for internships according to the professions that your organization needs?

