



# **Supporting Inclusive Growth and Employment in GEORGIA**

April 2015

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# World Bank Group



1944



1960



1956



1966



1988

- **IBRD** lends to middle-income and creditworthy low-income countries
- **IDA** provides concessional loans—credits—and grants to the poorest countries
- **IFC** is the largest global development institution focused exclusively on the private sector. It finances investment, mobilizes capital in international financial markets, and provides advisory services to businesses and governments
- **MIGA** promotes FDI by offering political risk insurance (guarantees) to investors and lenders.
- **ICSID** provides international facilities for conciliation and arbitration of investment disputes



# Country Partnership Strategy

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## Compatibility with WBG Twin Goals:

- Faster and more inclusive growth (shared prosperity)
- End extreme poverty by 2030

## Government ownership:

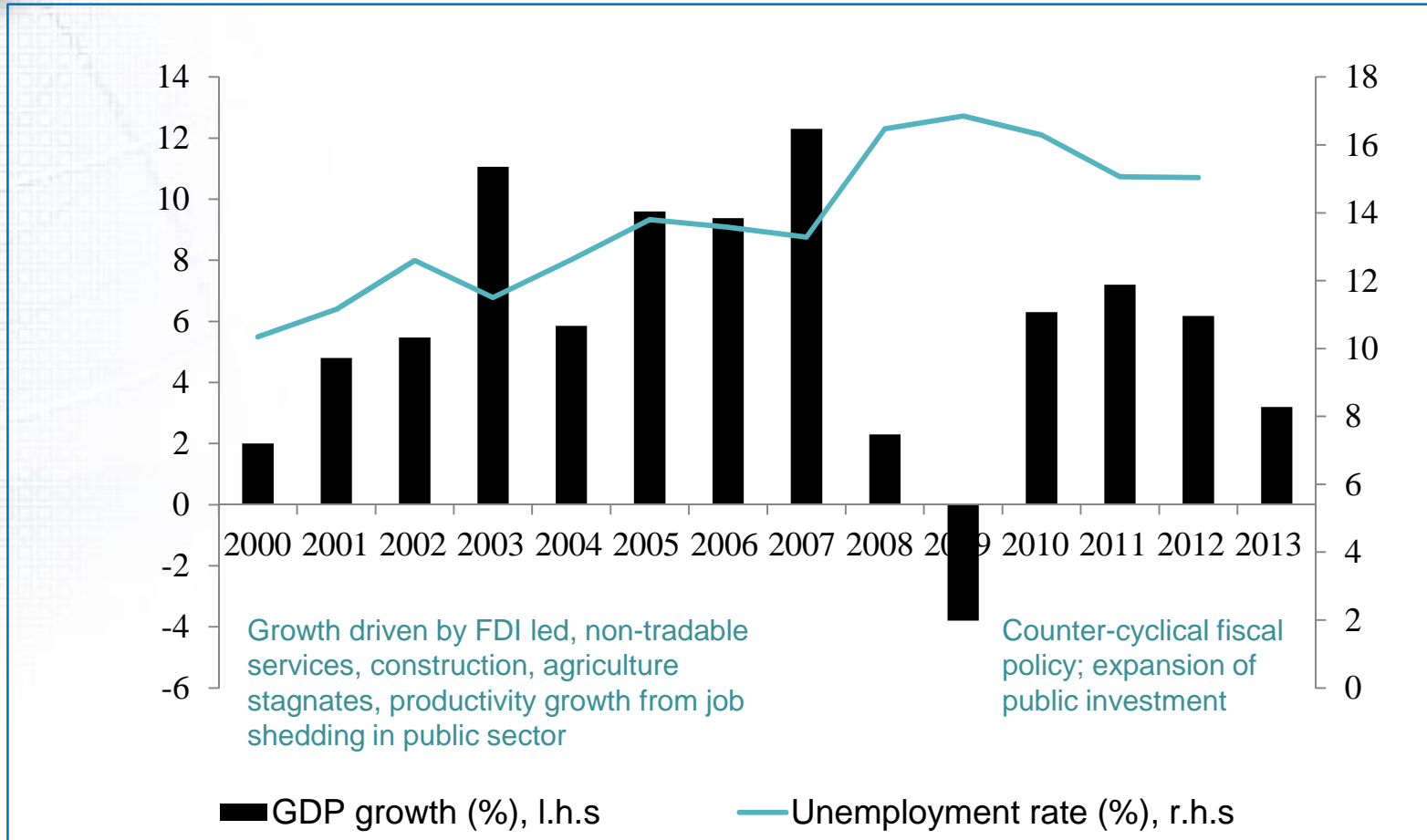
- Compatibility with the Government's Socioeconomic Development Strategy

## Overarching Objectives:

- Clear line of sight to development challenges

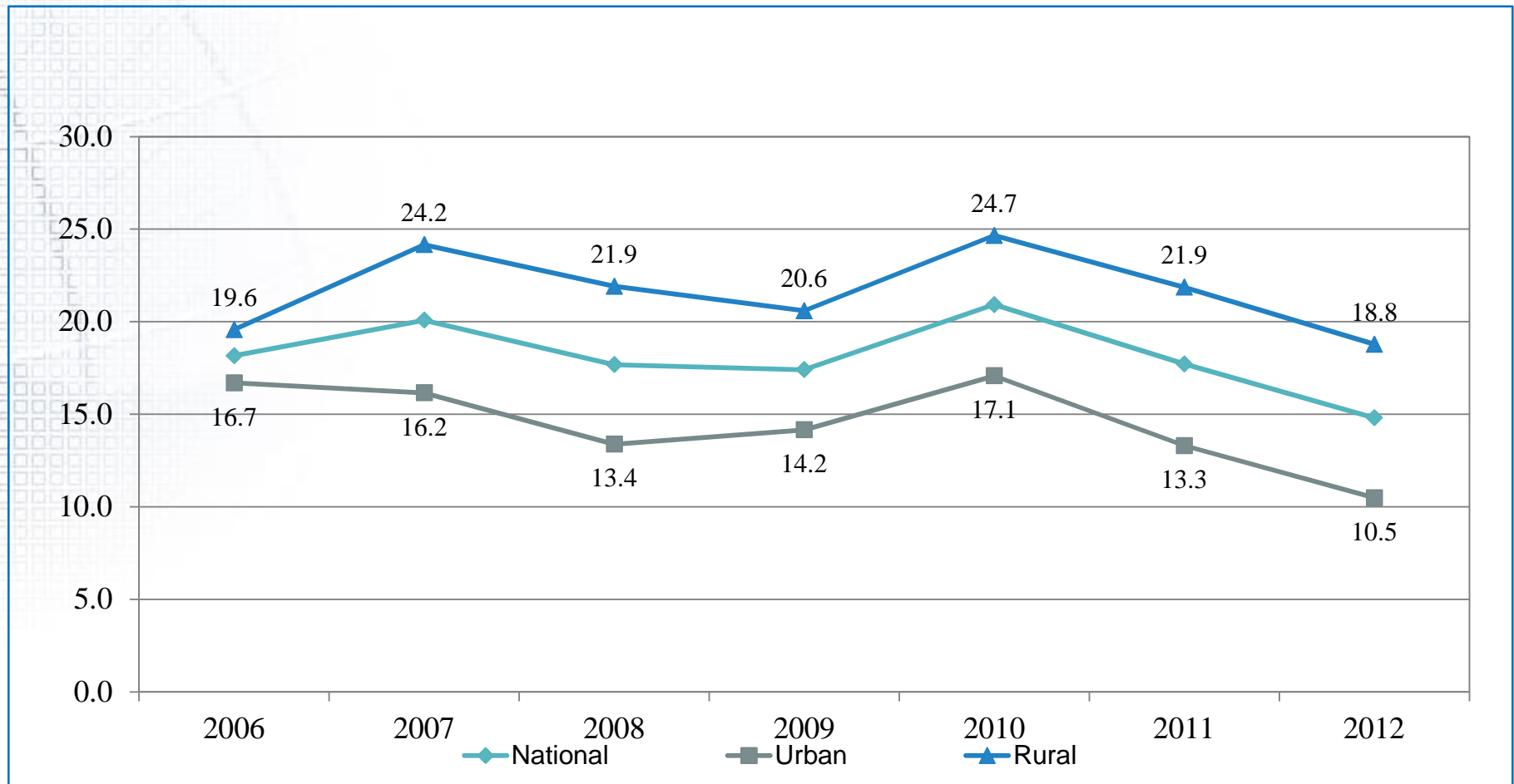


# There has been Growth without jobs





# Urban-Rural Poverty Divide







# Challenges

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**§ Past policies led to high growth backed by FDI (and later public investment).**

**§ But challenges remain:**

- Stable macro fundamentals needed to anchor economic competitiveness and job growth
- High unemployment and reliance on social transfers should be addressed through:
  - Export competitiveness
  - Product modernization; e.g. ICT/Innovation, agro-industries
  - Skills matched with available jobs
  - Financial access and SME development
- Regional disparities and low agricultural productivity



## What kind of development will be needed for faster and more inclusive and sustainable growth?

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### § Competitiveness for private sector led job growth

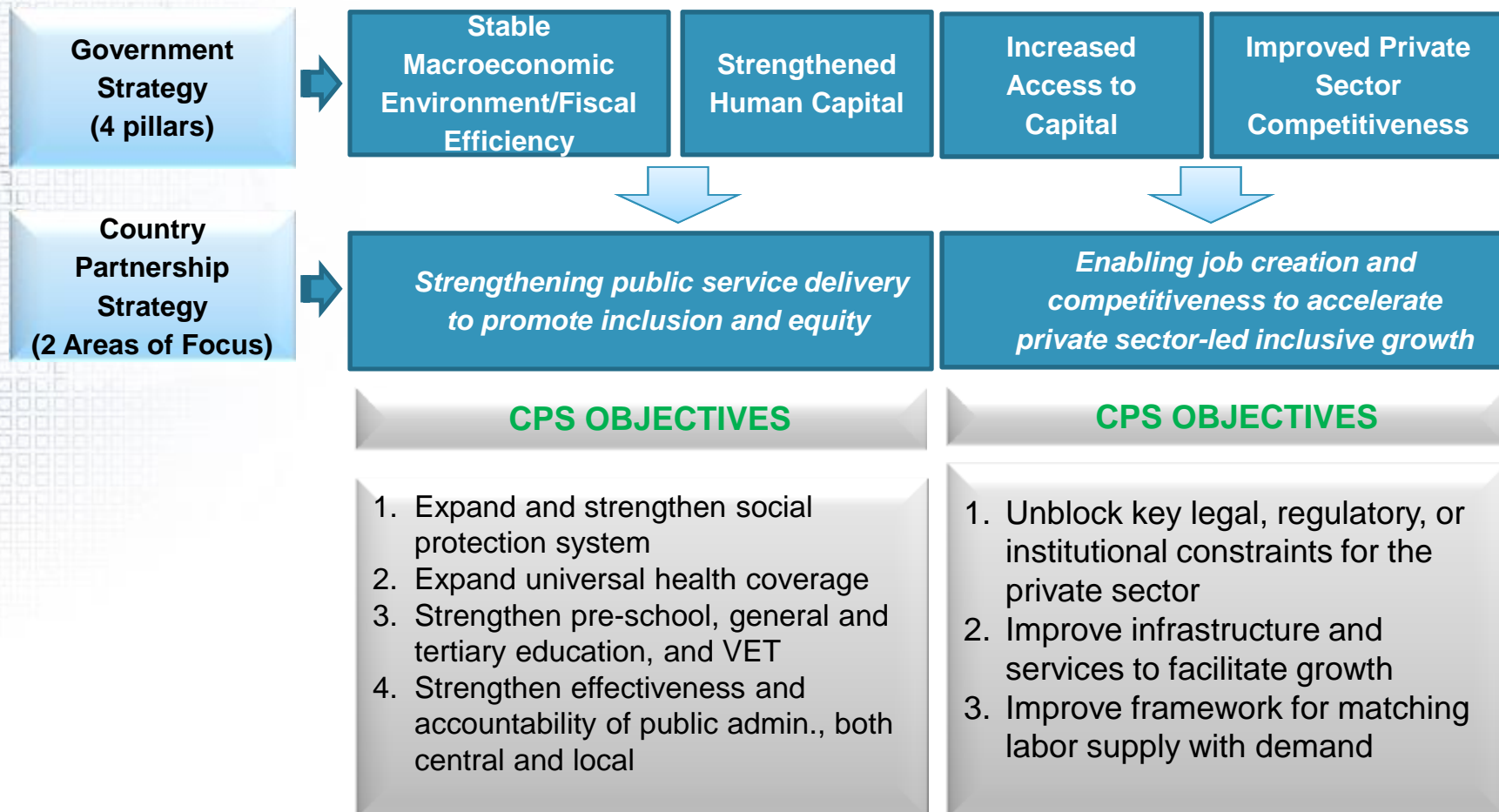
- Entrepreneurship, SME development, Innovation, Investment & Export promotion, & capital markets
- Improving infrastructure, energy, municipal services
- Reducing regional disparity

### § Effective delivery of public services

- Public Sector Management
- Human capital development (health, education, safety net)
- Data systems and M&E
- Macroeconomic, Social and Environmental Sustainability



# WBG Program is anchored in the Government's Socio-economic Development Strategy







## **Examples of World Bank support:**

1. Country Economic Memorandum
2. Regional Development Program



## CEM: Trade as a contributor to Inclusive Growth

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- How can trade help?
- What are the underlying export dynamics in Georgia and how do these relate to labor market outcomes?
- What are some of the policy levers that could help Georgia improve competitiveness, grow jobs and share prosperity?



# CEM Animation

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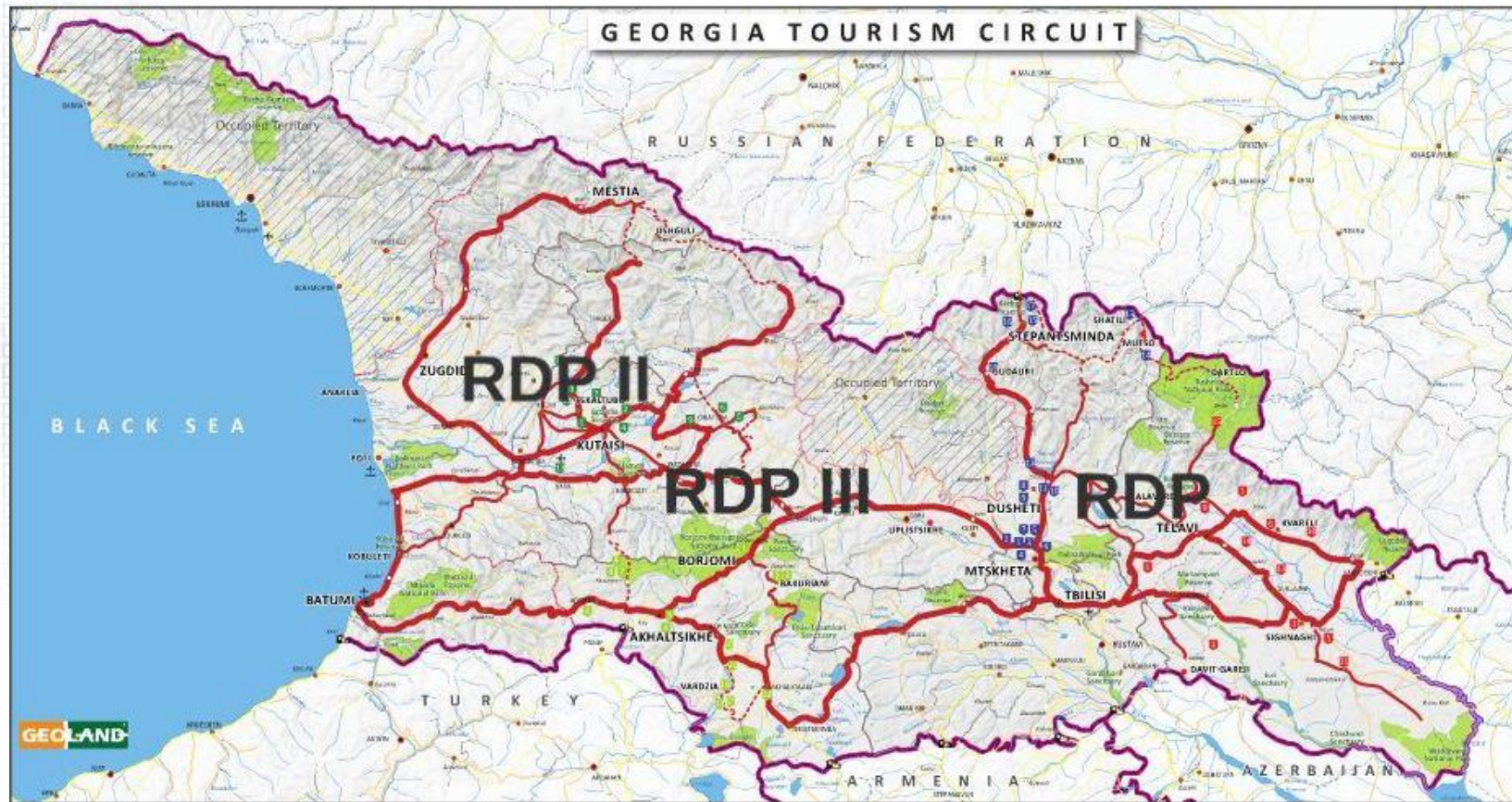
**3** INVESTING IN MARKETING,  
NETWORKING AND  
BRANDING







# Regional Development Program





# Regional Development Program

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- Technical Support and Financing, focusing on lagging regions with great tourism potential, targeting cities and rural areas (US\$150 m).
- Develop tourism circuits/itineraries and blend investments in natural & heritage sites with tourism infrastructure and products, enhance livability, service delivery and local economic development.
- Public-Private Investments provide incentives to locate in the region. IFC investments promote private sector





# RDP RESULTS

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## q Tourism Economy:

- Increased volume of private sector investment by \$50 million in targeted areas.
- Increased hotel beds in circuit route areas by 30% (from 1,610 to 2,093 beds).
- Increased international tourism arrivals by 60% (from 250,000 to 383,000).

## q Institutional Capacity:

- Increased tourism SMEs in renovated sites and cities by 35% (from 248 to 334).
- Establishment of Destination Management Organization (DMO) for public-private dialogue, festivals (events) and sustainability.







# Marketing, Branding and Promotion Online & Social Media





# Achieved Results - KAKHETI







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# Short Film

## Regional Development Project in Kakheti

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