

Gəncə şəhər Kəpəz rayon Kəpəz bələdiyyəsinin «27» *iyun* 2019-cu il tarixli, *08/34* nömrəli iclasının qərarı ilə təsdiq edilmişdir.



Kəpəz bələdiyyəsinin

Bələdiyyə

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## AZƏRBAYCAN RESPUBLİKASI

### GƏNCƏ ŞƏHƏR KƏPƏZ RAYON KƏPƏZ BƏLƏDİYYƏSİNİN

### YERLİ İQTİSADI İNKİŞAF PLANI

(2019-2020-ci illər)

Gəncə şəhəri - 2019-cu il

## Ön Söz

Kəpəz bələdiyyəsi – Gəncə şəhərində yerləşən 3 bələdiyyədən biridir. Gəncə şəhərinin tarixi ərazisi bəşər sivilizasiyasının ilkin meydana gəlmiş ərazilərinə aiddir. Elmi və arxeoloji tədqiqatlar sübut etmişdir ki, Gəncə təkcə Azərbaycanın deyil, bütövlükdə Şərqi elm və mədəniyyət beşiklərindəndir, Şərqi ilk demokratik respublikasının birinci paytaxtı olmuşdur.

Ölkənin ikinci şəhəri olan Gəncə – qərb regionunun inzibati, iqtisadi, elm və təhsil mərkəzidir.

Son vaxtlar burada aparılan geniş miqyaslı yenidənqurma və abadlıq-tikinti işləri sayəsində şəhər gözəlləşmiş və müasirləşmişdir. Binaların fasadları və dam örtükləri yenilənir, avtomobil yolları genişlənilir və təmir olunur, yeni yollar çəkilir. Əhalini daimi içməli su ilə təchiz etmək məqsədilə su və kanalizasiya şəbəkəsi yenidən qurulmaqdadır. İctimai nəqliyyat parkı yeni avtobus, mikroavtobus və taksilərlə yenilənir. Yeni mehmanxanalar tikilməkdədir. İctimai iaşə və pərakəndə ticarət obyektləri sakinlərə və qonaqlara yüksək xidmət göstərməyə çalışırlar. Səhiyyə müəssisələrinin və elmi-tədqiqat institutlarının maddi texniki bazası yaxşılaşdırılır, uşaq bağçaları, orta məktəblər, peşə hazırlığı mərkəzləri və universitetlər əsaslı təmir edilir, tələbə şəhərcikləri inşa edilməkdədir.

Bələdiyyə ərazisində suni qranit kombinatı və müasir Vaqon Deposu tikilməkdədir. Yaxın vaxtlarda şəhəri paytaxtla birləşdirən sürətli qatarın işə salınması planlaşdırılır.

Mövcud yaşıllıqlar qorunmaqla yeni yaşıllıq zonaları salınır. Əsaslı təmir edilmiş parklara, meydan və xiyabanlara mütəmadi qulluq göstərilir. Gəncəçayının sağ sahilində salınmış park-bulvar kompleksi sakinlərin və qonaqların sevimli istirahət yerinə çevrilmişdir. Şəhərdə keçirilən şərab festivalı, beynəlxalq idman və mədəniyyət tədbirləri turistlərin cəlb edilməsinə şərait yaradır.

Göstərilən bütün bu işlər şəhərimizi yaşamaq, işləmək, təhsil almaq və istirahət etmək üçün cəlbedici məkana çevirmişdir.

Şəhərimizin inkişafı Regionların sosial-iqtisadi inkişaf proqramının icrası sayəsində mümkün olmuşdur. Bu proqramın icrasında bələdiyyəmiz də üzərinə düşən vəzifələri layiqincə yerinə yetirməyə çalışır.

Kəpəz bələdiyyəsinin Yerli İqtisadi İnkişaf planı Avropa Birliyinin təşəbbüsü çərçivəsində hazırlanmışdır. “İqtisadi inkişaf naminə Mərlər” – 2019-2020-ci illəri nəzərdə tutan, şəhərin konkret məqsəd və ehtiyaclarına hədəflənən bir sənəddir. Yeni iş yerlərinin yaradılması əsasən sahibkarların üzərinə düşür. Ona görə də, yerli iqtisadi inkişafa nail olmaq üçün bütün sahələrin, idarə və müəssisələrin, təşkilatların qarşılıqlı maraqlar ətrafında sıx birləşməsi və birgə səy göstərməsi vacibdir.

Kəpəz bələdiyyəsi öz Yerli İqtisadi İnkişaf planının səmərəli olduğunu, iqtisadi artıma, inkişafa və yeni iş yerlərinin açılmasına hesablandığını və müsbət nəticələrə gətirəcəyini hesab edir. Bələdiyyənin bütün üzvləri və qulluqçuları bu planın icrasına hazırdır, onun vaxtında və tam həcmdə yerinə yetirilməsi üçün əllərindən gələni əsirgəməyəcəklər.

### **Yaşar Abdullayev**

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## 1. Qısa İcmal

Gəncə şəhərinin Kəpəz bələdiyyəsi 14 mart 2017-ci il tarixdə "İqtisadi İnkişaf naminə Merlər" in təşəbbüsünə qoşularaq bir sıra öhdəliklər üzərinə götürmüşdür. Bu məqsədlə bələdiyyə üzvləri, biznes dairələri və vətəndaş cəmiyyətləri nümayəndələrindən ibarət Yerli İqtisadi İnkişaf Planının hazırlanması üçün işçi qrupu yaradılmışdır. İş prosesində tərəfdaşların əməkdaşlığı çərçivəsində müxtəlif fokus-qruplarla görüşlər keçirilmiş, şəhərin ehtiyacları, çağırışları öyrənilmiş və bunlar hamısı nəzərə alınaraq işçi planı həyata keçirilmişdir.

Gəncə 4000 ildən artıq yaşı olan qədim şəhərdir. Sahəsinə görə ölkənin ikinci böyük şəhəri olmaqla qərb regionunun inzibati mərkəzi hesab olunur. Burada mərkəzi hökumətin regional idarələri fəaliyyət göstərir. Son vaxtlar ictimai infrastruktur obyektlərinin yenilənməsi sahibkarlıq fəaliyyəti üçün münbit şərait yaradır. Bələdiyyə ərazisində inkişaf imkanı olan sənaye və emal müəssisələrinin olması kənd təsərrüfatı məhsullarının emalı, kiçik və orta sahibkarlıq üçün lazımi potensialdan xəbər verir. Ərazidə kirəmit-gil yataqlarının olması inşaat materiallarının istehsalı və emalı üçün də geniş imkanlar açır. Əhalinin gəlirlərinin az olması və şəhərdə iş yerlərinin az olduğu üçün əməkqabiliyyətli əhali işləmək üçün paytaxt Bakıya və başqa ölkələrə gedir. Sovet dövründən qalan və işləməyən əlvan metal, çini qablar, gəvətoxucu kombinatlarının yeni texnologiyalarla təmin edilməsi və yeni iş yerlərinin açılması üçün bələdiyyə müvafiq qurumlarla investisiya planının hazırlanmasına çalışır. Sahibkarlığın problemlərinin həllində Sahibkarlıq Assosiasiyasının fəaliyyəti qənaətbəxş deyil, investisiyaların cəlbi, lizinq, innovasiyaların tətbiqi ilə bağlı iş görülmür, maliyyə resursları barədə kifayət qədər məlumat yoxdur. Şəhərin investisiya baxımdan cəlbedici bir mərkəzə çevrilməsi üçün kənd təsərrüfatı məhsullarının istehsalı, emal, turizm və təhsil sahələrində müxtəlif layihələrin icrası planlaşdırılır. Bu məqsədlə bələdiyyə ərazisində kənd təsərrüfatının istehsalı ilə məşğul olan sahibkarlar arasında əlaqələrin gücləndirilməsi, informasiya mübadiləsinin operativliyini təmin etmək məqsədilə elektron biznes-bülletenin yaradılması, kənd təsərrüfatı məhsullarının satış-yarmarkaları üçün meydançaların təşkil edilməsi, kiçik və orta sahibkarlıqla məşğul olanlara biznes tədrisi və təlimlərin keçirilməsi nəzərdə tutulur. Şəhərə investorların cəlb edilməsi üçün qısa zaman ərzində ərazinin iqtisadi göstəriciləri, maliyyəsi, təbii resursları, işçi potensialı haqqında məlumat almaq üçün şəffaf elektron xidmətlərin də fəaliyyət göstərməsi vacibdir.

Şəhərin qədimliyi, tarixi-mədəni irsi, Bakı-Tbilisi dəmiryolu xəttinin üzərində yerləşməsi, beynəlxalq hava limanının mövcudluğu, turistik məkanlara gedən avtomobil yollarının yaxşı vəziyyətdə olması, təmiz və səliqəli parklar turizmin inkişafı üçün əlverişli şərait yaradır. Lakin şəhərin imicindən və turizm potensialından kifayət qədər istifadə olunmur, turizmin təşviqi ilə bağlı yetərinə işlər görülmür, suvenir məhsullarının satışı yaxşı təşkil edilmir, turizm infrastrukturunu barədə informasiya azdır, beynəlxalq turizm imkanlarından da istifadə olunmur.

Şəhərin qərb regionunun turizm mərkəzinə çevrilməsi məqsədlə turizm təbliğatı və təşviqatının aparılması, müxtəlif festivalların keçirilməsi, turizm marşrutlarının hazırlanması və bir neçə kiçik həcmli pilot layihələrin icrası planlaşdırılır.

Şəhərin inkişafında bələdiyyənin rolu artmaqdadır. Bələdiyyənin güclü icra aparatının, yerli hökumət orqanları və təhsil müəssisələri ilə yaxşı münasibətlərinin, yerli inkişaf planının, sosial layihələrin həyata keçirmək təcrübəsinin, şəffaf vergi sisteminin, biznes qurumları, xarici investorlar, bələdiyyələrarası və beynəlxalq təşkilatlarla əməkdaşlıq imkanlarının olması və bu əməkdaşlığa hazır olduğuna baxmayaraq gəlirlərinin və səlahiyyətlərinin az olması ona yetərinə fəaliyyət göstərməyə imkan vermir. Bələdiyyənin qrant layihələrin beynəlxalq standartlara uyğun tərtib edilməsi və idarə olunması üçün bilik və bacarıqları azdır, xarici əlaqələri zəifdir, gördüyü işlər haqqında təbliğatı yetərinə aparılmır.

Şəhərdə aparılan islahat nəticəsində bələdiyyənin mülkiyyəti tam müəyyən olunduqdan sonra, yerli büdcə hesabına şəhərdə iqtisadi fəallığı dəstəkləmək və uzun müddətli sərmayə qoyuluşuna şərait yaratmaq mümkün olacaqdır.

Şəhərin potensial təhlükələrinin, güclü və zəif tərəflərinin təhlili ilə, Avropa Birliyinin standartlarına uyğun hazırlanmış Yerli İqtisadi İnkişaf Planı Kəpəz bələdiyyəsində yerli iqtisadiyyatın şaxələndirilməsinə, yeni iş yerlərinin yaradılmasına və regional inkişafın təmin olunmasında bələdiyyənin rolunun artırılmasına gətirib çıxaracaqdır.

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### Abreviaturalar

GZİT – Güclü, Zəif, İmkanlar, Təhlükələr

YİİP – Yerli İqtisadi İnkişaf Planı

QHT – Qeyri-hökumət təşkilatı



Mayors for  
Economic Growth

# Certificate of Accomplishment

Awarding  
**Kapaz Municipality**

with the status of the Mayors for Economic Growth (M4EG)  
**Acting Member**

to confirm their Local Economic Development Plan  
is approved based on the World Bank assessment

July 2019

Tbilisi, Georgia



**REPUBLIC OF AZERBAIJAN**

**GANJA CITY KAPAZ DISTRICT  
MUNICIPALITY**

**LOCAL ECONOMIC  
DEVELOPMENT PLAN**



*Loyalty to the past and big steps towards the modernity*

**2018**



## **Preface from Chairman**

Kapaz municipality is one of three municipalities in Ganja. Historical territory of Ganja belongs to the first inhabited areas of human civilization. Scientific and archeological researches prove that Ganja is one of the cradles of science and culture not only of Azerbaijan, but also of the East as well as is the first capital of the first democratic republic of the East.

Ganja, the second largest city of the country, is the administrative, economic, scientific and educational center of the western region.

Thanks to the large-scale reconstruction and renovation works the city has been beautifully refurbished and modernized. The facades and roofs of buildings are renovated, roads are expanded and repaired, new roads are built. Water and sewerage network is being reconstructed to provide the population with permanent drinking water. Public transport park is renewed with new buses, minibuses and taxis. New hotels are being built. Public catering and retail trade facilities are trying to provide high quality services to residents and guests. The material and technical basis of health care facilities and research institutes are being improved, kindergartens, secondary schools, vocational training centers and universities are being repaired, and student campuses are under construction.

Artificial granite plant and modern wagon depot are being built in the territory of the municipality. It is planned to launch a high-speed train connecting the city with the capital in the near future.

New green zones are created along with maintaining the existing parks. Regularly renovated parks, squares and alleys are well-maintained. The park-boulevard complex, built on the right bank of Ganjachay, has become a favorite place for residents and guests. The city's wine festival, international sporting events and cultural events make it more attractive for tourists.

All these works have made our city an attractive place to live, work, study and rest.

The development of our city was possible thanks to the implementation of the socio-economic development programs of the regions. Our municipality is also working hard to fulfill its duties properly in the execution of this program.

The Local Economic Development Plan of Kapaz municipality has been developed within the framework of the European Union initiative. "Mayors for Economic Growth" is a document targeted at specific goals and needs of the city, covering the period of 2019-2020. The creation of new jobs is mainly driven by entrepreneurs. Therefore, in order to achieve local economic development, it is important that all fields, institutions and enterprises and organizations are closely interconnected and pledge joint efforts.

Kapaz municipality believes that its Local Economic Development Plan is effective and that it will count on economic growth, development and new jobs, and will bring positive results. All members and staff of the municipality are ready for the implementation of this plan and will spare no effort to ensure its timely and full implementation.

**Yashar Abdullayev**

Chairman of Kapaz municipality of

Kapaz district of Ganja city

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## 1. Executive Summary

Kapaz municipality of Ganja joined the initiative of "Mayors for Economic Growth" on 14 March 2017 and undertook a number of commitments. To this end, a working group consisting of municipal members, business circles and civil society representatives has been set up to prepare a Local Economic Development Plan. During its activities and in lieu of cooperation with partners the working group held meetings with different focus groups, the city's needs and challenges were studied, and all of these were included into the action plan.

Ganja is an ancient city dating back over 4000 years old. It is the second largest city in the country and is considered to be the administrative center of the western region. There are regional offices of the central government. The recent renovation of public infrastructure facilities creates favorable conditions for entrepreneurial activity. The presence of industrial and processing facilities in the municipality's territory indicates the potential for small-scale and medium-sized businesses. The presence of tile-clay deposits in the area opens up opportunities for the production and processing of construction materials. Due to low income and lesser job opportunities in the city the residents are heading to Baku and other countries to work. The municipality is working to develop an investment plan to be submitted to the relevant agencies to revitalize and supply with new equipment out-of-operation non-ferrous metals, porcelain that will provide new jobs. The activities of the Entrepreneurship Association in the solution of entrepreneurial problems are not satisfactory; not much done on investments attraction, leasing and application of innovation; there is not sufficient information on financial resources. In order to make the city an attractive investment point, it is planned to implement various projects in the fields of production, processing, tourism and education. For this purpose, it is planned to strengthen relations between local entrepreneurs engaged in agricultural production, to create e-business bulletin for the purpose of ensuring efficient information exchange, to organize areas for agricultural products fairs and to run business education and training for small and medium business owners. In order to attract investors to the city, it is important to develop very quickly a transparent e-services portal with information on region's economic indicators, funding, natural resources, and labor potential.

The city's ancient history, its historical and cultural heritage, hosting a section of Baku-Tbilisi railway, an international airport, good access to the tourist destinations, clean and neat parks create favorable environment for tourism development. However, the image of the city and its tourism potential are not sufficiently used, there are not enough activities to promote tourism, sales of souvenir products are poorly organized, tourism infrastructure information is insufficient, and international tourist opportunities are not used.

In order to transform the city into a tourism center of the western region it is planned to carry out tourism promotion and campaigns, to hold various festivals, to develop tourism routes and to implement a few small pilot projects.

The role of municipality in the development of the city is on rise. Despite the fact that the municipality has strong executive body, good relationships with local government bodies and educational institutions, proven track record in execution of local development plans, implementation of social projects, transparent taxation system, readiness and opportunities for cooperation with business entities, foreign investors, other municipalities and international organizations, lack of revenues and authority hinders its full-scale operation. The municipality has weak knowledge and skills to design and manage grant projects in line with international standards, poor foreign relations and it does not run sufficient promotion about its activities.

As a result of the city-wide reform to fully assign the municipal budget it will be possible to support the economic activity in the city and create conditions for long-term investment.

The Local Economic Development Plan, prepared in line with the European Union standards, incorporates an analysis of the city's potential threats, strength and weaknesses of the city and will lead to diversification of the local economy, the creation of new jobs and increasing the role of the municipality in regional development in Kapaz municipality.



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### Abbreviation

M4EG – Mayors for Economic Growth

LEDP – Local Economic Development Plan

#### 4. Introduction to Plan

Kapaz municipality of Kapaz district of Ganja city has signed a memorandum on joining the initiative "Mayors for Economic Growth" on March 14, 2017 and has undertaken to fulfill the provisions of the Memorandum.

Kapaz municipality is located 365 km west of Baku, on the northern slopes of the small Caucasian mountains, on both banks of Ganjachay, the right bank of Kura river, in the territory of Kapaz district of Ganja city (excluding Hacikend settlement). Its total territory is 69.57 km<sup>2</sup>. The distance to the International Alat port that connects the country with the west (Turkey and EU), the south (Iran, India) and the north (Russia) is 286 km (3 hours and 15 minutes). Ganja International Airport is 11 km, the railway station is 3 km away. The municipal transport system plays an important role in the development of the western region. The municipality is located on railway and motorways connecting the country with the Georgian border and the Black Sea coasts. Rail and bus connections are regular and satisfactory. There are 2 bus stations in the east and west of the city. Compared to neighboring municipalities, the municipality has reliable transport accessibility. However, road ditches due to the recent reconstruction of the city's water and sewerage system have increased the time of passenger and cargo transportation, which has a negative impact on economic activity.

The municipality's population size is 180,000 people. The number of able-bodied populations is 105,000, of which 48.38% are male, 51.62% are women. The unemployment rate is 6%. 81.3% of the municipality's population lives in multistoried residential buildings, and 18.7% live in 5 residential areas in the individual houses. The average age for women is 70 years, and for men it is 67 years.

The number of populations in 2010-2016 has increased by 4.7%. Along with the increase in the number of populations in all age groups (0-18, 18-65 and above 65), the number of migrating people during the same period reached 32,000. Migrants are mainly work-force of middle age group, who leave to earn money in different countries and are engaged in trade, services and processing.

The favorable economic and geographical position of the area, rich mineral resources and landscape features give a boost to the economic development of the municipality. Climate conditions, availability of neighboring rural municipalities, close proximity to medium and highland areas indicate a great potential for agricultural production and tourism development. In recent years, the growth in the construction and processing sector has played an important role in sustainable development; environmental protection and broader urban greening stimulates population to settle.

The M4EG initiative of the European Union aimed to support LAs in the Eastern Partnership countries to become active facilitators for economic growth and job creation in the region in cooperation with private sector and civil society. Kapaz municipality was not fully ready for partnership when it joined this initiative. The municipality has prepared a local development plan based on local social, economic and environmental programs that have been adopted at the beginning of its activities to resolve local issues during its tenure. The local economic development plan is prepared to join the "Mayors for Economic Growth". This plan does not cover all aspects of municipal activity and does not replace existing plans, but is based on the development of the private sector in order to increase economic growth and raise the level of employment. The local economic development plan is fully consistent with the state program on regional socio-economic development and is a supplementary one consisting of a set of targeted measures implemented by the municipality. As long as the plan was developed in partnership with the private sector and civil society in accordance with the standards of "Mayors for Economic Growth", based on numerous meetings, consultations, surveys and expert opinions, the latter would be also involved in the implementation and monitoring of the plan. In order to improve the municipality's capabilities and technical capacities, the contribution from the municipality budget is also included in financing action plan activities.

This Economic Development Plan developed by Kapaz Municipality has been coordinated with the goals and priorities of other two municipalities in Ganja: Nizami and Hajikand. Kapaz Municipality's Economic Development Plan has been integrated into the economic section of Ganja's development plan.

## **5. Process of Local Economic Development Plan Development**

The local economic development plan of Kapaz municipality was developed by analyzing each of the structural elements of the "Mayors for Economic Growth" program, which was studied in four training courses held by the Secretariat in Tbilisi. For the preparation of the plan a working group consisting of municipal members, entrepreneurs and civil society representatives firstly collected information from various government agencies in order to analyze and study socioeconomic indicators of recent years and compiled a schedule of meetings with different constituencies and groups. Meetings were held with representatives of business circles, non-governmental organizations, trade unions, student organizations, scientific workers, local government officials, residents of the settlement and areal administrative-territorial units to ensure partnership with the private sector and the civil society sector. In order to study the needs of the city a survey was conducted through a questionnaire distributed to the participants. Meetings and information from government agencies were not sufficient for planning, but provided certain data for analysis. In many cases, there were problems with getting some information, or it was generally not possible to get it.

Along with the commitments of business circles, the local economic development plan took into account public opinion surveys, the aspirations, needs and suggestions of local residents. The collected data illustrates that it is important for the population to preserve historical heritage alongside the modernization of the city. Development of tourism for local economic growth is rated to be one of the main tasks considering the city's location on the ancient silk road and its beautiful climate. The matters of concern for the public are mostly unemployment and lack of jobs. There are few entertainment venues for the youth and entertainment programs are poorly organized. According to the survey, it is necessary to improve the public infrastructure and external positioning in order to make the city attractive for foreign tourists.

The working group regularly held consultations with various focus groups, entrepreneurs and government agencies. In order to develop a comprehensive Local Economic Development Plan from December 2017 to last May the Working Group held 5 meetings together with the experts invited from Technology and Agrarian Universities, City Statistics Office, Local Office of Baku Business Training Center, Entrepreneurs Confederation, Local Executive Authority, Regional Women's Center, and "Awareness on Regional Development" public union. The meetings agenda including topics as Analysis of Local Economy and its Structural Elements (2 times), Strengths, Weaknesses, Opportunities and Threats Analysis (1 time), Development Concept and Objectives (1), Action Plan and Financing Plan (1); information and opinions of the experts were studied, the members of the working group expressed their views, proposals and draft projects on the relevant plan chapters were adopted by open voting. The proposals, needs, challenges discussed at open meetings were analyzed and systematized and taken into account in the plan development process.

24 representatives of central executive power, local executive power, municipality and civil society collected statistical, administrative data the relevant state institutions and other reliable sources and carried out data clustering, application of dynamic sequences, analytical and statistical comparative analysis, factorial analysis and developed initial conclusions. The workshop was attended by representatives of stakeholders and helped to run SWOT based methodological approach to develop Problems Tree, as well as identify Strengths, Opportunities and the relevant Institutions. Based on the comparative analysis of the obtained results, the city's economic development was diagnosed and the final results were developed.

The survey found that there was a need to expand the coverage of statistical and administrative data in some areas and, in some cases, to increase their data reliability. In such cases, discussions with local experts and professional on relevant fields were held, and additional information was collected to fill in the gaps.

## 6. Local Economic Analysis

### 6.1. Analysis of Local Economic Structure

Ganja is one of the most developed economic centers of the country, with great experience and traditions in industry development.

Oil prices decline in the world market in 2015 resulted in the devaluation of manat, which negatively impacted the economy of the country, including all sectors of the local economy. According to the data provided by the State Statistical Committee, in 2016 total production of the main sectors of the economy (industry, agriculture, construction, transport, communication, trade services) amounted to 483.0 million euros, or by 2.2% more than in the same period of 2015, but products and services in the non-public sector (69.3%) declined by 5.4% compared to the same period.

Products and services of industrial enterprises and individual entrepreneurs operating in this area have increased by 90.5 million euros (31.3%) and reached 193.3 million euros. 94% of industrial products were produced by processing and 0.1% by the mining sector.

Production in the metallurgical industry, which plays a leading role in the processing sector, declined by 22.7%, in food products - 20.8%, production of cars, trailers and semi-trailers 1.8 times, drinks - 9%, and textile industry - 2.2 times.

The economic reforms carried out in the country, measures taken in the direction of socio-economic development of the regions, and the activities in the field of entrepreneurship have begun to give positive results.

Analysis of recent years demonstrates that based on volume and annual turnover the production of metallurgy, machine building, food products, textile, beverage production, computer, electronic and optical products is more efficient and profitable. Construction materials, furniture, apparel, finished metal, rubber and plastic products, and chemical industry are rapidly developing according to the dynamics of growth. In a value chain process the mining industry, agriculture, construction materials, and food production industries are heavily dependent on local raw materials, services and products.

The volume of industrial products is increasing. Top products are aluminum alloys (14.5 thousand tons), tractors (849 units), water meters (65309 units), grape wines (291.2 thousand), cotton fabrics (259,000 thousand m<sup>2</sup>), vodka (127.9 thousand dkl), flour (52.4 tons) and wheat bran (7759.0 tons).

According to recent data, the employment level of the population is also growing. Dynamics of growth are mainly observed in:

- Manufacturing and production of food products;
- Wholesale and retail trade, repair of vehicles;
- Public catering, hotels, medical, aesthetic services.

In spite of the growth trends in a number of products, trade and service dominate in the city. In recent years, 6 modern shopping and entertainment centers have been built and put into operation, and there are 2 large agricultural markets. Increase in the number of medical institutions, buses and cars equipped with modern equipment indicates that medical and transport businesses are also developing.

Tourism is well-developed vis-à-vis other sectors. There are 101 restaurants and hotels in the area of the municipality, 3 hotels are under construction. Tourism development is based on natural resources, cultural and historical heritage.

The construction sector is also rapidly developing. There are 8 medium and 128 small enterprises in this sector. There is a tendency for small enterprises to grow due to the decline in medium enterprises. Construction sites with total growth area of 60% (58.9 thousand sq.m.) are mainly 59% (36.9 sq.km) occupied by private apartments.

The production of agricultural produce remains one of the key areas of the municipal economy. Compared to 2015, the production of fruits and berries increased by 52% (917 tons), grape by 93% (94 tons), large cattle by 7% (426), sheep and goats by 32% (2670), bee families by 100% (8 units).

Because of the fact that the municipality is located in urban areas, the area of agricultural lands is rather small. Out of 900.0 hectares of municipal lands 310.0 ha (34%) are gardens, 94.0 ha

(10%) are vineyards, 64.0 ha (7%) are planted with grains, cereals, wheat and vegetable seeds, 16,0 ha (2%) are pastures, the remaining 416.0 hectares (47%) are stored in the reserve fund as low use or useless lands.

The volume of products produced in the territory of the municipality holds an important place in the volume of agricultural products produced in the western region. Analysis of plants volume demonstrates that production, compared to 2015, of fruits, berries and grape production decreased by 60% (52 tons), wheat by 74% (13 tons), potatoes - 33% (162 tons) and vegetables - 75% 231 tons), the number of birds by 6% (21500).

On one hand the plants-growing production is below the norm per capita, on the other hand and the declining tendency of the production may adversely affect the development of livestock in the future, although the demand of the population and processing enterprises for meat products is increasing day by day.

The city's business environment is primarily driven by the geographical conditions of the municipality, plentiful lush rivers, fertile soil, rich minerals used in construction and crafts making, dyeing plants to get colors, flat landscape and good climate conditions. The city is located within the boundaries of rural municipalities with potential to create active workforce and small processing facilities.

The list of enterprises operating in the city is as follows: the largest enterprise according to the headcount and area is "Det.Al-Aluminum" LLC, Gil-land production area, Ganja Automobile Plant, "Wine-2" OJSC. Besides, other enterprises operating in the city are SEMPA CJSC, Ganja Sanaye Cihaz OJSC, Ganja Cihazqayirma Plant, Ganja-Textile OJSC, Ganja-Qannady, New Dairy Plant and others.

As Ganja has a city status and rather a smaller territory, the agricultural sector has not developed here. However, there are few agricultural enterprises and individual entrepreneurs in the suburbs, and they also face some challenges. The participants of the diagnostic workshop raised the following issues in the agricultural sector: poor advisory-information network on the sector, poor promotion and marketing activities, the difficulties associated with the sale of agricultural products due to limited number of processing facilities, the lack of experience in the field of agricultural products processing, poor state incentives.

It is also possible to track this clearly from the statistical indicators. Thus, the share of agriculture in the city's total product output in 2017 was only 0.3%.

There are all conditions for the development of tourism in the city. There are enough historical monuments and sites to attract tourists. Among them are Nizami Ganjavi Museum, Heydar Aliyev Park Complex, Mahsati Ganjavi Center, Ganja Fortress Gate - Archeology and Ethnography Complex, Javadkhan Tomb, Chokak Hamam, Khan Garden, Shah Abbas Mosque, Imamzade Complex and others.

Along with this potential, there are still problems in the tourism sector of the city. These problems are due to the poor development of tourism infrastructure, lack of information center for tourists, low attention to this area, absence of a tourism portal, poor skills of city guides in in tourism sector, lack of additional refresher courses in tourism, limited number of information centers, lack of coordination, lack of free WIFI in the city center, bus station, train station and other strategic points, poor visibility of many organizations in the city, and lack of information posted by businesses and organizations online. The lack of hotels and hotel type facilities hinders the development of this area.

According to the recent trends, most of the production areas include processing, carpentry, textile, food products and construction materials. Among products of the international quality are aluminum, wine, water meters, tractor, cotton fabric. Lack of knowledge about foreign markets, lack of quality of local products to meet the requirements of international standards, lack of specialized staff and managers for export, sales and procurement are among the factors that hinder business growth. A leading product in a construction business of Ganja - dolomite (ready product - alabaster), dairy products (cream, cottage cheese), honey, greens, bread, tinned food (dovga, plov, etc.) and catering services are main brand products of Ganja.

Along with some strength, Kapaz municipality is working to address its socio-economic problems. Although economic activity has been observed in various areas, its benefits are not reaching most of the population, and poverty levels are rising. Annually 8-15% of the local

budget is spent on social projects and financial assistance. There is a continued outflow of people from the city. Government's investment, government programs, and local budgets are not enough for the prospective economic development of the city. Soviet-era and energy-consuming equipment makes it impossible for competitive production in the industrial sector. It is clear that the city needs new investments, innovations, energy-efficient systems and resource-saving technologies. One of the main reasons for delaying investments is the lack of comprehensive urban development plan.

### 6.2. Local Cooperation and Networking

There is good cooperation between enterprises in the city. This cooperation is supported by the City Entrepreneurs Association (320). However, the association is passive and conservative in its activities, providing its members with limited services and information. The activity of the National Fund for Entrepreneurship Support is limited to granting preferential loans to entrepreneurs through regional offices and financing investment projects, which does not meet the needs of local entrepreneurs. The city's tourist information center is mainly engaged in advertising hotels and restaurants, and medical centers. Local government holds meetings twice a year with representatives of business circles and financial institutions in order to discuss the issues of improving the services provided to the population, the potential of financial resources and increasing the external positioning of the municipality as an attractive place to live, work and invest. During yearly round-table meetings with them we learn and analyze population's view of our activities, consult on the future development of the municipal economy. There is a great need for cooperation between business circles in the field of information technology. The permanent local economic development commission of the municipality should strengthen its relations with business circles to effectively operate.

### 6.3. Business-friendly, Transparent and Corruption Free Administration

Open, transparent and favorable activity, promoting the development of civil society and entrepreneurship, strengthening partnership between them has been identified as one of the most important tasks of Kapaz municipality. Local authorities carry out the exchange of information using the principle of "single window" in order to provide their services to meet the needs of the citizens. Easy issuance of documents is carried out at Ganja ASAN service center, Call Center 195 is functioning to provide prompt electronic services and receive applications for tax legislation. Tourism services are carried out by Ganja Regional Tourism Information Center through the ganja.travel website.

"Electronic Municipality" project was implemented by Kapaz Municipality to develop electronic services and create electronic database. Within the framework of this project, e-system created at the official website of Kapaz municipality <http://kapaz.bel.az> provides opportunities for online application of citizens to municipalities, payment of local taxes, building of online document turnover between citizens and municipality and document handling infrastructure, supervision over of work process transparency, document archive and wide opportunities for providing e-services based on other world experience. During the reporting period, Kapaz municipality posted information on its activities, administrative acts, financial statements and other information on the website.

Citizens seeking employment are registered electronically in the regional employment center, which allows managing the labor market and providing information about relevant vacancies online.

City Entrepreneurship Association actively cooperates with its partners, sets up meetings, tries to establish contacts between foreign companies and local entrepreneurs, and helps to overcome the difficulties in their work. The Business Training Center carries out training on developing skills, knowledge and skills for those engaged in small entrepreneurship.

Despite all this, the activities of entrepreneurs, associations and business training centers are weak. Despite availability of different public services provided on the territory of the municipality, the local population and the business sector have little information about them.



Local economic development commission of the municipality lacks experience in providing information and business services to entrepreneurs. The Commission, in many cases, responds to various inquiries and works individually with enterprises, which creates the impression that a group of businesses enjoy some superiority. At present, it is planned to create electronic business bulletin for timely delivery of information and strengthening of relations with business circles. In addition to meetings held twice a year with business organizations in municipalities, no other forms of co-operation are implemented to improve the business environment that meets the entrepreneur's needs. Entrepreneurs do not have access to information about financial resources and member businesses that might support entrepreneurship. Information about national and international donor programs supporting entrepreneurial activity is not systematic and is not posted on the municipality website.

#### 6.4. Access to Finance

20 bank branches and departments, non-bank credit organizations, offices of 22 insurance companies and pawnshops provide entrepreneurs with their services and financial opportunities. But according to entrepreneurs, interest rates offered are very high.

Entrepreneurship financing is also provided through preferential loans provided under the state programs to help entrepreneurship development.

Attraction of investments, leasing, investment projects in the economic sector, introduction of new technologies and innovations remain a major problem, and most of these are available in the capital.

The recent devaluation as well as tight monetary policy to enable a transition to a floating exchange rate of manat after 2020 also limits the possibilities of financial institutions.

There is insufficient information on existing financial resources for the development of entrepreneurial activity, and the information often does not reflect the truth.

#### 6.5. Land and Infrastructure

The city has a wide range of municipal and private property and resources to invest, which makes the municipality attractive and stimulates interest. After the city's general plan is ready and the public infrastructure is upgraded, the interest in the municipality lands might increase. As the collection of household waste is carried out by a single state body and the latter has not yet been privatized, there is no competition in the sector it obviously has a negative impact on the level of provided services. Low competitiveness, non-professional staff, lack of international and national partners is the main obstacles to entrepreneurship.

Despite a positive trend in the development of local entrepreneurship, growth is at a slow pace. Demand for non-residential areas, land and infrastructure is growing. Those interested are mostly micro-enterprises, and entrepreneurs engaged in business without establishing a legal entity.

Defining municipal lands and their status is the main task of the municipality. Permanent local economic development committee of the municipality works closely with the local branch of the State Committee on Property Issues and affiliated Land Agency.

Problems in the city's transport infrastructure also have a negative impact on tourism development. These problems are caused by the fact that there are fewer parking lots in the center of the city, the lack of public transport to meet the modern requirements, the use of old buses, lack of trams and trolleybuses in urban transport, lack of low-cost airlines, limited number of flights from Ganja airport to other cities, poor condition of roads (lack of renovation) and other problems.

Although there are problems in the city's water supply system, appropriate measures are being taken to improve this area. It is planned to complete the complete water and sewage line of Ganja city by 2035.

The information technology sector is rapidly changing and developing. Despite the fact that there are developments in the number of computers and access to the Internet in Ganja, still there are certain problems. So, in 2017, out of 9377 computer users only 8761 were also Internet users, which can be considered as a relatively low indicator. One of the main reasons

for this is that business are not are not particularly interested in enriching ICT knowledge of their personnel.

#### 6.6. Regulatory and Institutional Framework

City governing bodies are building their activities on the basis of normative-legal acts of central and local executive authorities in line with the needs and demands of the local population. Administrative acts on local taxes and payments, full or partial exemption from local taxes, tax concessions, approval of relevant activities and approval of regulations governing this activity, mandatory receipt of tax debts are adopted at the general meeting and submitted to the regional justice administration in the form of administrative supervision. With the purpose of creating an electronic database, the minutes of the municipal meetings and adopted administrative acts are posted on the municipality website.

Although there are positive improvements in the development of a local legislative base lately, some administrative barriers still remain. The biggest problem is to go through the procedures for getting construction permit. There is no coordination among organizations that issue permits for construction works. Processing of application for construction permit and positive feedbacks from the organization is issued separately and in sequence. Rejections to issue a permit are often ungrounded and refer to the City master plan. One of the problems is the issuance of permissions for the placement and distribution of advertising carriers, collection of payments is carried out by a specially created advertising department, not by the municipality, as envisaged by law.

Preparation of the City Master Plan will promote the development of the municipality, as well as the development of flexible permit procedures for construction and advertising services.

#### 6.7. Skills and Human Capital, Inclusiveness

The industrial zone of the city is located mainly in the territory of Kapaz municipality. Although the population has recently grown, economic activity has dropped dramatically. Three universities, three colleges and six vocational schools provide education and training in different majors and create great labor resources. Protection of supply and demand balance in the labor market is weak. Workforce development is partly a new concept for the municipality. The education system does not meet today's requirements of the entrepreneurship sector. On the one hand, the education sector and the society were not ready for rapid change of economic structure of the city. On the other hand, the number of outgoing labor migrants is increasing due to improved working conditions and better salaries, which worsens the demographic situation and reduces the skilled labor force in the labor market. Vocational schools, which have undergone major repairs and technical renovation, are committed to working hard to develop labor force needed for the labor market. Biggest demand in the labor market of the city is: 16% in construction, 14% in catering and trade, 9% in service, 7% in hospitality, 6% in information technology, 5% in office management, 5% in aesthetic services and 38% other areas.

Waiter, interpreter, hotel administrator and other professions are on demand due to the development of tourism. Specialists are also required for the IT sector. The unemployment rate is 6%. The unemployed are mainly workers with economic education formerly engaged in the manufacturing industry, who lost their jobs due to the global economic crisis and the consolidation in the banking sector after the devaluation in 2015. Lack of investment and limited job opportunities cause migration processes. In order to stop the migration and create new jobs, unfounded inspections have been suspended by the relevant central executive authorities, and amnesty for some of the tax debts and mandatory insurance premiums has been launched.

There is no coordination in the city among educational institutions dealing with municipalities, business circles and specialist training aimed at meeting the needs of the labor market.

#### 6.8. External Positioning and Marketing

Compared with other municipalities in the region, Kapaz municipality of Ganja is an attractive place to live, work, travel and invest. The geographical location of the city, located on the

agricultural land south of Kura River is essential for the growth of existing enterprises and the establishment of new businesses.

Recently, the city has spent a lot of money on improving the environment and quality of life. Public infrastructure is being renovated, roads are being expanded and overhauled, large green zones are created, historic buildings are restored, well-maintained parks, gardens, squares and alleys are regularly renovated, leisure and entertainment facilities are built for citizens. The landscaping and construction and landscaping measures have significantly changed the image of the city.

Europe's Youth Capital in 2016, Cultural capital of CIS counties, other International events, forums, cultural and entertaining programs in Ganja have increased the interest to the city, and the number of domestic and international tourists. For example, the number of visitors to the city in 2016 has increased by 40% compared to previous years. At present, two hotels and eight hostels are being built.

The Tourism Information Center takes an active part in presenting the city as a regional tourism center by participating in different exhibitions, advertising events. Annual wine festivals attract tourists, as well as access of local products to domestic and international markets.

It is planned to create a section "Entrepreneurial activity in the municipality" on the official website of the municipality. A guidebook for investment projects is under development present the municipality as a favorable place for investments.

Taking into account all this, the proposed local economic development plan will contribute to the practical growth of Kapaz municipality's competitiveness, the creation of an attractive center in the western region of the country and the activation of relevant economic activities.

## 7. Strength, Weaknesses, Opportunities, Threats (SWOT) Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>✓ Ancient and historical-cultural heritage of the city;</li> <li>✓ Geographical location: Rich natural resources, flat landscape, good climate;</li> <li>✓ Close to an international airport;</li> <li>✓ Sitting on Baku-Tbilisi-Kars railway connecting Europe and Asia;</li> <li>✓ Availability of sufficient financial resources (banking credit organizations, etc.);</li> <li>✓ Good relations with local executive authorities;</li> <li>✓ Availability of the necessary human and other resources;</li> <li>✓ Experience in collaboration with donors;</li> <li>✓ The municipality has a strong executive body;</li> <li>✓ Municipal electronic services;</li> <li>✓ The municipality is fully ready for cooperation;</li> <li>✓ The municipality has a detailed Local Development Plan;</li> <li>✓ Experience in implementing social and environmental projects;</li> <li>✓ The municipality performs transparent and proper tax accounting and tax payments.</li> <li>✓ The relations between the municipality and voters are good;</li> <li>✓ There is a great potential for small and medium-sized businesses;</li> <li>✓ Good teachers and material-technical base for vocational education;</li> <li>✓ Technology and Agrarian Universities and municipalities have excellent business relationships;</li> <li>✓ Presence of industrial and processing enterprises with development potential in the municipality;</li> <li>✓ Availability of favorable investment potential in the municipality;</li> <li>✓ Potential for processing agricultural products.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Limited income sources for municipality;</li> <li>✓ Insufficient authority assigned to municipality;</li> <li>✓ Lack of necessary mechanisms for proper tax collection;</li> <li>✓ Low income of the population;</li> <li>✓ Limited workplaces;</li> <li>✓ Migration processes;</li> <li>✓ Lack of new technologies and innovations;</li> <li>✓ Low-level activity of the Association of Entrepreneurs;</li> <li>✓ Lack of sufficient information on financial resources;</li> <li>✓ Poor knowledge and skills for designing and managing projects in accordance with international standards;</li> <li>✓ Municipal external relations are weak;</li> <li>✓ Weak promotion of the municipality's work;</li> <li>✓ Failure to do enough to promote tourism;</li> <li>✓ Lack of municipality initiative for the development of small and medium-sized businesses;</li> <li>✓ Lack of municipal institutions;</li> <li>✓ Unspecified municipal property;</li> <li>✓ Lack of municipal initiatives in agriculture</li> </ul>

Opportunities	Threats
<ul style="list-style-type: none"> <li>✓ Availability of industrial and processing facilities with development potential;</li> <li>✓ Processing of agricultural products;</li> <li>✓ Increased demand for real estate;</li> <li>✓ Co-operation with local and regional executive authorities in order to stimulate economic development;</li> <li>✓ Cooperation with existing business structures in the municipality territory;</li> <li>✓ Preparation of an investment plan for the creation of new jobs in the municipality in cooperation with the relevant agencies;</li> <li>✓ Possibility of cooperation with foreign investors;</li> <li>✓ Cooperation with local and international organizations to create new jobs;</li> <li>✓ Inter-municipal cooperation;</li> <li>✓ Cooperation with municipal associations to attract investment into municipal territory;</li> <li>✓ Cooperation with foreign municipalities to promote tourism;</li> <li>✓ Increased number of tourists coming to the city.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Unsuccessful cooperation with local executive authorities;</li> <li>✓ Unexpected natural disaster and other force-majeure situations;</li> <li>✓ Unexpected changes in the legislation;</li> <li>✓ Unsuccessful cooperation with other financial institutions;</li> <li>✓ Full refusal of the population to pay taxes;</li> <li>✓ Creation of bureaucratic obstacles for small and medium-sized businesses;</li> <li>✓ A more favorable environment for the development of small and medium-sized businesses in neighboring countries;</li> <li>✓ Establishing artificial barriers to tourism development;</li> <li>✓ Economic and political instability;</li> <li>✓ Foreign threats that may arise depending on the country's geopolitical position.</li> </ul>

Various activities will be carried out by Kapaz municipality to solve analyzed the socio-economic problems.

Kapaz municipality will support establishment of a digital agro–tourism platform which will serve as a hub to bring supply (farmers/households) and demand side (tourists, hotels, home stays restaurants, markets etc) together in order to improve the exchange of information on products (agro/ tourism) in the targeted districts of GGER region. Besides, farmers will have an opportunity to get online agro consultancy about pre-identified agro products (sequences, time and cost of agro technical steps, inputs providers), establish better coordination and cooperation among farmers in the processes of buying/renting of agro inputs –fertilizer, seeds, agro machinery and delivering of products to markets etc. As a procedure, farmers will place information about their products and services into the online databases which will be an opportunity for Demand side (tourists, hotels, restaurants etc) to get fresh agro products directly from the farmers of the region.

Moreover, home stay owners/famers will be able to offer their homes and additional services to customers over this platform as well. The tourist may have direct contact with farmers and experience of certain agriculture processes (harvesting, milking, directly see agro technical procedures or taste the products directly in their farms or field.) Supply side and demand side will be sensitized about the online platform and its application.

There are agriculture and tourism departments in each administrative district. Apparently, the agro department aims to support farmers by delivering of all type of agro-consultancy to cooperate district and local authorities in solving farmers’ problems and challenges etc. Regional Tourism department has their representative in each administrative districts which aims to support tourism entities in district level, collection and analyses of statistical data on tourism development etc. Both departments of each targeted districts will be responsible to sensitize the supply and demand side about the importance of online agro tourism platform. The municipalities of target district will be the significant leverage to involve the farmers to use the platform. Farmers will include the information about their products either directly from mobile application or submitting the information to district agriculture department. The hotels, home stay owners, restaurants and tour operators will be sensitized by regional departments of State Tourism Agency. Hotels and restaurants will be also enabled to enter information about their needs for certain agro product. Home stay owners will post information about their homes, additional services. Eventually, it will be a platform for cooperation and interaction between supply and demand sides in tourism and agriculture sector. Online access to agro consultancy services, better access to agro input and service providers, direct access to farms for the tourists, and home stays in the villages. Ownership of platform will stay with Kapaz municipality. Regional departments of both ministries will be directly involved for operation of agro–tourism platform.

Kapaz municipality will apply Tourism vale chain tool to identify the pre, during and post trip phases of a tourist journey to properly plan and develop the destination management and marketing, map

relevant stakeholders to have a holistic image and contribute to their better service provision within a chain, identify the linkages between economic sectors such as agriculture and tourism and propose measures for cross sectorial development. Municipality will also support the formation of sustainable PPP (state, regional and local stakeholders), coalitions, associations for successful destination planning and developments. Besides municipality will identify and support the needs for capacity building measures among stakeholders in each phase of TVC tool. After in depth analyses of tourism sector in Ganja, Kapaz municipality will organized various festivals which will promote the tourism potential of Ganja city. The pilots measures will be also implemented based on outcome of analyses on tourism potential of Ganja city. Pilot measures might be construction of sign boards for tourist, development of applications which would further guide tourist to find restaurants, hotels, homestays or any tourism products, it can be capacity building measures for the for the stakeholders encompassed in the tourism value chain, establishment of platform for public -private cooperation etc. After some round table discussion and 3 days of workshop with entrepreneurs and Ganja -Gazakh branch of ministry of Economy, it turned out that especially small entrepreneurs need trainings, on spot consultation, sensitization on entrepreneurial issues. Apparently, branch of newly established agency (KOB) which aims to support the SMEs became operational in Ganja, but they will be become efferently operational only after 2-3 years. Therefore, Kapaz municipality will deliver capacity building measures to small entrepreneurs with guidance of Ministry of Economy. However, Ganja city has rich industrial potential which needs investments. Therefore, this potential will be further studied, converted into business plans and broadcasted from different communication channels to involve investments. Executive Committee of Ganja city will be the key stakeholder for cooperation.

## 8. Vision and Objectives

### **Strategic vision:**

Diversification of the economy, creating new jobs and increasing the role of the municipality in ensuring regional development.

### **Objectives:**

1. To support the development of tourism;
2. Promoting agricultural development;
3. Support for Small and Medium Enterprises.

## 9. Action Plan

The municipality and the involved partners will carry out implementation of activities in the Action Plan.

The estimated costs are denominated in national currency AZN and the Euro rate of the Central Bank of the Republic of Azerbaijan on 10.09.2018.

**Table 1. Action plan**

<i>Building blocks</i>	<i>Key objectives</i>	<i>Actions \ Project ideas</i>	<i>Duration (start \ finish)</i>	<i>Partners involved</i>	<i>Estimated costs</i>	<i>Outcomes</i>	<i>Monitoring indicators</i>
External positioning and marketing	1. Support the development of tourism in Ganja-Gazakh Economic Area;	1.1 Development of tourism value chain.	January 2019 June 2020	State Tourism Agency, Regional Executive Power and business sector.	8.000 AZN (4.075 EURO)	Planning for development of sustainable tourism	Tourism development plan.
		1.2 Carrying out tourism promotion activities.	January 2019 November 2020	State Tourism Agency, Regional Executive Power and business sector.	40.000 AZN (20.377 EURO)	There will be enough promotion and campaigns for the region's tourism potential.	1) Development of campaign-oriented videos on tourism potential; 2) Development of a website on tourism potential of Ganja-Gazakh region; 3) Carrying out of the promotion forum with the participation of travel agencies of neighboring countries.
		1.3 Development of regional tourism routes.	March 2019 December 2020	State Tourism Agency, Regional Executive Power and business sector.	20.000 AZN (10.188 EURO)	Routes for the region's tourism potential will be developed	1) 5 new tourism routes; 2) At least two tourism companies use these routes.
		1.4 Organizing fairs for tourism promotion.	February 2019 December 2020	State Tourism Agency, Regional Executive Power and business sector.	80.000 AZN (40.754 EURO)	The festival will promote the region's recreational potential.	At least 2 different festivals.
		1.5 Implementation of small pilot projects in tourism sector.	February 2019 November 2020	State Tourism Agency, Regional Executive Power and business sector.	120.000 AZN (61.131 EURO)	As a result of the tourism value chain analysis, certain activities are funded	At least 3 pilot projects have been funded.
Building local cooperation and network	2. Agriculture development support	2.1 Carry out municipal fairs.	March 2019 October 2020	Regional Executive Power and business sector.	40.000 AZN (20.377 EURO)	Improvement of access of farmers to market and access of citizens to cheap agricultural products.	At least 2 agricultural fairs have been held.
		2.2 Improvement of access to agricultural products.	February 2019 December 2020	Agriculture Department, the regional branch of the Ministry of Economy, Regional Executive Power and business sector.	50.000 AZN (25.471 EURO)	Improvement of business relations between farmers and buyers	An online platform that brings together farmers and buyers will be created.
		2.3 Providing practical advice to farmers.	March 2019 December 2020	Agriculture Department, the regional branch of the Ministry of Economy, Regional Executive Power, Agrarian University and business sector.	70.000 AZN (35.660 EURO)	Farmers' access to suppliers will improve; productivity will increase.	Developing a website for farmers to get online agro-consulting services.
		2.4 Establishing a database of agricultural equipment.	May 2019 December 2020	Agriculture Department, the regional branch of the Ministry of Economy, Regional Executive Power, Agrarian University and business sector.	30.000 AZN (15.283 EURO)	Improvement of access to agricultural equipment.	1) Database of agricultural equipment of the region; 2) An online web platform is created to ensure direct link between farmers and suppliers.
External positioning and marketing							



Skills and human capital development	3. Support to small and medium entrepreneurship	3.1 Identifying the investment potential in the municipality territory.	February 2019 November 2020	the regional branch of the Ministry of Economy, City Executive Power and business sector.	20.000 AZN (10.188 EURO)	Identification of sectors to be invested.	1) At least 5 sectors to be invested are identified; 2) Business plans of these sectors have been developed; 3) Business plan is placed on the municipality portal; 4) The business plan has been submitted to at least 10 entrepreneurs.
		3.2 Conducting trainings and seminars with small and medium-sized entrepreneurs.	February 2019 November 2020	Ganja office of Baku Business Training Center of the Ministry of Economy, City Executive Power and business sector.	15.000 AZN (7.641 EURO)	Entrepreneurs are trained and educated based on the assessment of training needs.	At least 5 training courses per annum.
		3.3 Initial training of those who want to start new a new business.	January 2019 December 2020	Ganja office of Baku Business Training Center of the Ministry of Economy, City Executive Power and business sector.	10.000 AZN (5.094 EURO)	Inexperienced entrepreneurs will gain initial entrepreneurial knowledge.	At least 8 training courses per annum.

## 10. Financing scheme

The estimated cost for each activity defined in the LEDP funding Scheme (see Annex H) covers both capital and other expenditures. Distribution of funds between the activities corresponds to the importance of relative priorities in the plan.

## 11. Monitoring indicators and mechanisms

The implementation of the LEDP will be monitored by Monitoring Committee composed of 6 members, of which 2 will be from the municipality, 2 - from the CSO, 2 local business representatives. The monitoring group will be equally balanced with women and men.

**Table 2. Monitoring indicators**

<i>Actions / Projects ideas</i>	<i>Duration (start/finish)</i>	<i>Expected results months 1-6</i>	<i>Expected results months 7-12</i>	<i>Expected results months 13-18</i>	<i>Expected results months 19-24</i>
Carrying out tourism promotion	January 2019 November 2020	Preparation of tourism promo videos	Development of a website on the tourism potential of Ganja-Gazakh region	Preparation of tourism promo videos	Holding a presentation forum with the participation of travel agencies from neighboring countries
Development of regional tourism routes	March 2019 December 2020	2 new tourism routes	3 new tourism routes	A travel company uses these routes	A travel company uses these routes
Conducting festivals to promote tourism	February 2019 December 2020	Identifying festival participants and organizational issues	A festival has been held	Identifying festival participants and organizational issues	A festival has been held
Development of tourism value chain	March 2019 December 2020	Organization of meetings with business circles engaged in tourism	Establishing a working group and collecting and analyzing statistical data	The process of developing tourism development plan	Tourism development plan
Implementation of small-scale pilot projects in tourism	February 2019 November 2020	Identification of priority projects to be implemented in the tourism sector	1 pilot project was implemented	1 pilot project was implemented	1 pilot project was implemented
Conducting municipal fairs	March 2019 October 2020	Determination of farmers and their products, participating in the fair, organizational work	1 agricultural fair was organized	Determination of farmers and their products, participating in the fair, organizational work	1 agricultural fair was organized
Improvement of access to agricultural products market	February 2019 December 2020	Identifying farmers who offer products and services to the market	Registration of those interested in procurement of agricultural products	Development of online web platform	An online platform has been created that brings together farmers and buyers
Providing practical advice to farmers	March 2019 December 2020	Identifying farmers who need consulting services	Selection of the proposed agro-consulting services	Development of online web platform	A web platform has been developed for farmers to access online agro-consulting services.
Establishing a database of agricultural equipment	May 2019 December 2020	Agricultural equipment inventory by regions	A database of agricultural equipment in the region has been created	Development of a web platform for the supply of agricultural equipment	An online web platform has been established that provides direct links between farmers and suppliers
Identifying the investment potential in the municipality territory	February 2019 November 2020	At least five investment sectors have been identified	Business plan of those sectors has been developed	Business plan is placed on the municipality portal	The business plan has been presented to at least to 10 entrepreneurs
Conducting trainings and seminars with small and medium entrepreneurs in the municipality territory	February 2019 November 2020	1 training was held	1 training was held	1 training was held	2 trainings were held
Initial training of those who want to start a new business	January 2019 December 2020	2 trainings were held	2 trainings were held	2 trainings were held	2 trainings were held
Total budget expenditures (indicator)%		25%	25%	25%	25%

## Annexes

### Annex A. Process for Developing the Local Economic Development Plan

### Annex B: Classification of Enterprise According to Size

Title	Number of staff	Year turnover Euro
Small business	1 – 25	Less than 60,5 thousand
Medium business	26 – 125	60,5-632 thousand
Large business	More then 125	More than 632 thousand

### Annex C: Presentational Table for Private Sector Companies

<i>Type of economic activities</i>	<i>Number &amp; % of businesses (per classification)</i>		
	<i>Small</i>	<i>Medium</i>	<i>Large</i>
<i>Agricultural Production, forestry and fishery</i>	278	14	3
<i>Mining industry</i>	1	-	-
<i>Processing</i>	346	21	5
<i>Supply with power, gas, steam and conditioned air</i>	24	9	1
<i>Water supply; Treatment of dirty water and waste</i>	11	6	2
<i>Construction</i>	128	8	-
<i>Wholesale and retail trade; Repair of motor vehicles and motorcycles</i>	866	13	-
<i>Transportation and storage</i>	629	8	2
<i>Organization of living and public catering</i>	736	7	-
<i>Information and communication</i>	37	2	1
<i>Real Estate Operations</i>	16	-	-
<i>Professional, scientific and technical activities</i>	17	2	-
<i>Education</i>	99	-	-
<i>Health and social services to the population</i>	68	8	-
<i>Activities in the field of leisure, entertainment and art</i>	21	1	-
<i>Providing services in other areas</i>	67	12	-
<i>Household activities; Activity on goods and services produced by households for personal consumption</i>	33	-	-
<i>Total:</i>	3377	111	14
<i>Total: %:</i>	96.4	3.2	0.4

Annex D: Assessment of local cooperation

<i>Title and/or Function (area/theme on which it works)</i>	<i>Institutions/ Persons involved</i>	<i>Achievements (also indicate how it works – e.g. “plans”, implements projects, provides services, is permanent or ad hoc/occasional)</i>	<i>Assessment: useful or not useful</i>
<i>Improvement of the area of Kapaz municipality</i>	<i>Utilities company</i>	<i>There is a successful cooperation with this entity on management of green areas and waste.</i>	<i>Useful</i>
<i>Sales market supervision</i>	<i>"Abadliq" building materials manufacturing company</i>	<i>Municipality is helping to expulsion counterfeit products, and the company supports municipality's social work, makes mining taxes and other payments timely.</i>	<i>Useful</i>
<i>Educating and supporting entrepreneurs</i>	<i>The Regional Office of the Ministry of Economy</i>	<i>Different measures to educate entrepreneurs in the territory of Kapaz municipality. Links entrepreneurs with the regional branch to address the problems that entrepreneurs face.</i>	<i>Useful</i>
<i>Technical assistance and capacity building</i>	<i>The German International Cooperation Agency</i>	<i>Kapaz municipality closely participates in the projects implemented by the GIZ in the region, in particular, in promoting the municipality's knowledge and skills in planning.</i>	<i>Useful</i>

Annex E: Growth sectors (sub-sectors) & their Challenges

<i>(Growth) Sector (sub-sectors)</i>	<i>Main challenges likely requiring business support assistance</i>
<i>Processing sector</i>	<i>Lack of investment plan for introducing new technologies and innovations; information on national and international donor programs is not systematic.</i>
<i>Agriculture</i>	<i>The condition of feed for livestock is not satisfactory; Demand for seeds for planting is not fully met; Unused condition of most of the agricultural land plots.</i>
<i>Wholesale and retail trade</i>	<i>Rigid banking-credit conditions, high security requirements limits access to financial resources; Access to utility services (electricity, gas, water supply, etc.).</i>

Annex F: Regulatory and Institutional Framework

Agreed Regulatory Challenges	High/ Low Negative Impact	Main public agency involved	Scope for local mitigation/improvement (details)
<i>Permit procedure for construction works</i>	<i>Low</i>	<i>Architecture department</i>	<i>Preparation of the City Master Plan, facilitating the development of a single electronic cadastral map (land, communications).</i>
<i>Placement and distribution of advertisement</i>	<i>Low</i>	<i>Advertisement department</i>	<i>Will bring to simplification of land ownership registration forms.</i>
<i>Allocation of municipality lands</i>	<i>High</i>	<i>Land Agency, Architecture department</i>	<i>Formation of the land market, the transfer of land to lease and ownership will increase the local budgets and will enable the registration of citizens in the registry of real estate.</i>

Annex G: How the Local Area is Perceived by its Citizens

<i>Likes/Perceived Strengths in the Image we Project Externally</i>	<i>Degree of Importance (1-5)</i>	<i>Dislikes/Perceived Weaknesses in the Image we Project Externally</i>	<i>Degree of Importance (1-5)</i>
<i>The city that unites authenticity and modernity</i>	<i>1</i>	<i>A city with potential to create cultural tourism routes</i>	<i>1</i>
<i>The tourism center of the western region</i>	<i>1</i>	<i>Required increase of air connection</i>	<i>1</i>
<i>Country's intellectual and cultural potential</i>	<i>2</i>	<i>A potential for developing health tourism</i>	<i>2</i>
<i>Logistics training center of the region</i>	<i>3</i>		
<i>Possible Actions that could easily be Considered</i>			<i>Led by</i>
<i>Organize promotion of the city</i>			<i>State Tourism Agency</i>
<i>Increase number of people speaking foreign languages in the city</i>			<i>Universities and vocational school</i>
<i>Capacity development of hospitality staff</i>			<i>Vocational schools</i>
<i>Develop hotels and attractive tourism facilities</i>			<i>State Tourism Agency, Local government bodies</i>

Annex H. Financing scheme

<i>Actions</i>	<i>Estimated costs</i>	<i>Sources of financing</i>				<i>Funding gaps</i>	<i>Remarks</i>
		<i>Local budget</i>	<i>Upper level budgets</i>	<i>Businesses</i>	<i>Donors</i>		
Development of tourism value chain	8.000 AZN (4.075 EURO)	3.000 AZN (1.528 EURO)	2.000 AZN (1.019 EURO)	1.500 AZN (764 EURO)		1.500 AZN (764 EURO)	
Development of Region's Tourism Routes	20.000 AZN (10.188 EURO)	10.000 AZN (5.094 EURO)	3.000 AZN (1.528 EURO)	4.500 AZN (2.292 EURO)		2.500 AZN (1.274 EURO)	
Carrying out tourism promotion	40.000 AZN (20.377 EURO)	15.000 AZN (7.641 EURO)	5.000 AZN (2.547 EURO)	12.000 AZN (6.113 EURO)		8.000 AZN (4.075 EURO)	
Implementation of small-scale pilot projects in tourism	120.000 AZN (61.131 EURO)	40.000 AZN (20.377 EURO)	20.000 AZN (10.188 EURO)	30.000 AZN (15.283 EURO)		30.000 AZN (15.283 EURO)	
Conducting festivals to promote tourism	80.000 AZN (40.754 EURO)	25.000 AZN (12.736 EURO)	15.000 AZN (7.641 EURO)	25.000 AZN (12.736 EURO)		15.000 AZN (7.641 EURO)	
Improvement of access to agricultural products market	50.000 AZN (25.471 EURO)	15.000 AZN (7.641 EURO)	10.000 AZN (5.094 EURO)	15.000 AZN (7.641 EURO)		10.000 AZN (5.094 EURO)	
Providing practical advice to farmers	70.000 AZN (35.660 EURO)	20.000 AZN (10.188 EURO)	15.000 AZN (7.641 EURO)	20.000 AZN (10.188 EURO)		15.000 AZN (7.641 EURO)	
Carrying out municipal fairs	40.000 AZN (20.377 EURO)	15.000 AZN (7.641 EURO)	5.000 AZN (2.547 EURO)	12.000 AZN (6.113 EURO)		8.000 AZN (4.075 EURO)	
Establishing a database of agricultural equipment	30.000 AZN (15.283 EURO)	10.000 AZN (5.094 EURO)	5.000 AZN (2.547 EURO)	10.000 AZN (5.094 EURO)		5.000 AZN (2.547 EURO)	
Identifying of investment potential in the municipality territory	20.000 AZN (10.188 EURO)	5.000 AZN (2.547 EURO)	5.000 AZN (2.547 EURO)	5.000 AZN (2.547 EURO)		5.000 AZN (2.547 EURO)	
Conducting trainings and seminars with small and medium entrepreneurs in the municipality territory	15.000 AZN (7.641 EURO)	5.000 AZN (2.547 EURO)	3.000 AZN (1.528 EURO)	4.000 AZN (2.038 EURO)		3.000 AZN (1.528 EURO)	
Initial training of those who want to start a new business venture	10.000 AZN (5.094 EURO)	3.000 AZN (1.528 EURO)	2.000 AZN (1.019 EURO)	3.000 AZN (1.528 EURO)		2.000 AZN (1.019 EURO)	