Formation of GDP in Regions: Case of Georgia

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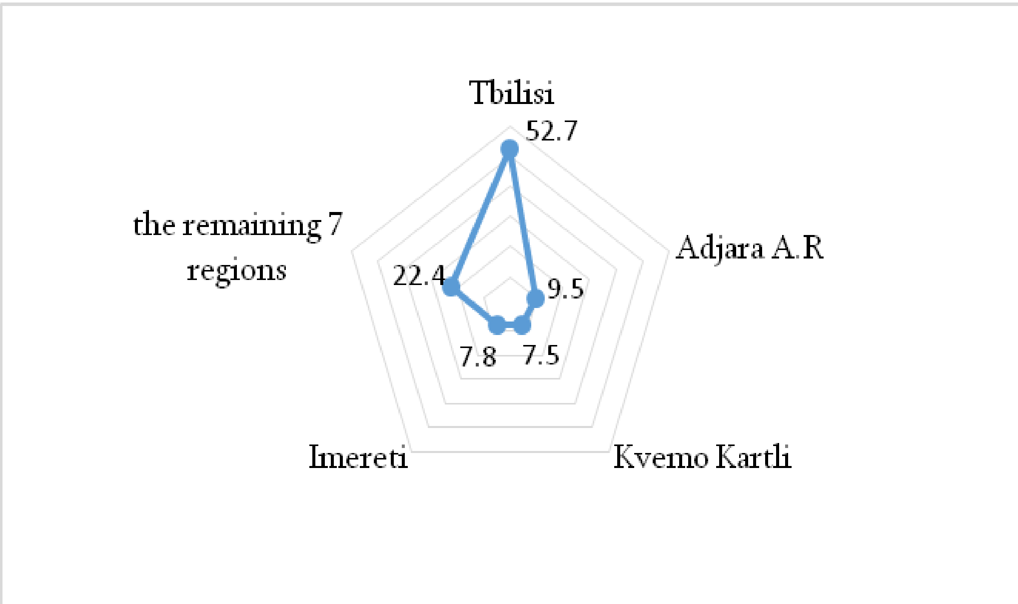
Summary

Regional development is the main vector of the state's regional economic policy. Policies aimed at stimulating economic activity in a specific region of the country are always important. As a rule, the object of regional policy is economically backward compared to its neighboring territories.

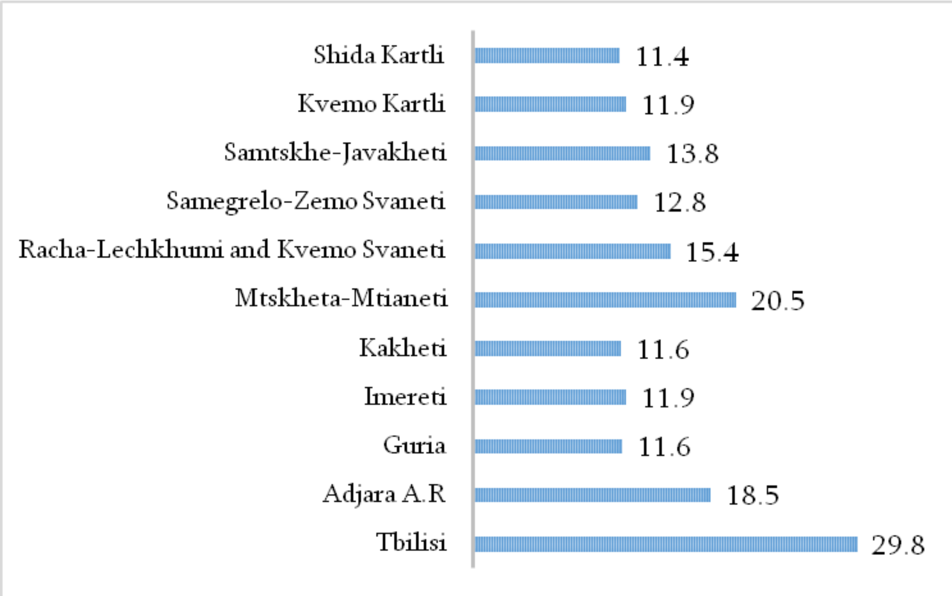
After Georgia gained independence, regional economic policy was implemented on various scales and using various instruments. However, due to the political and economic processes developing in the country in the first decade, these efforts were minimal. The paper discusses in detail the specifics of the formation of gross domestic product and regional characteristics in Georgia, and analyzes the contribution of regions to GDP generation. The differentiation of regions according to types of economic activity and the difficulties caused by the asymmetric development of regions are presented.

Share of Tbilisi and regions in GDP (2023, %)



The irrational and asymmetrical distribution of resources among regions is the main condition for the weakening of the country. This is reflected in development inequalities and socio-economic problems.

GDP per capita of Georgian regions (base prices, thousand GEL)



The joint efforts of the regions in terms of integrating labor, financial, and natural resources will contribute to solving the problems of regional economic development. It is necessary to develop standards for territorial economic development strategies, a unified methodology, tools, and performance indicators for the strategic planning process. This requires the implementation of legislative and other regulatory and normative changes. It is necessary to conduct regular analysis of regional opportunities, the resulting rankings of which will allow us to assess investment attractiveness and identify challenges.

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