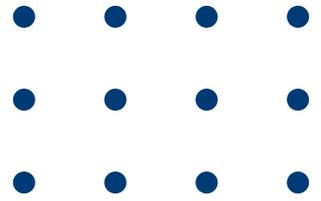




EU4Business



[SME POLICY TRENDS OCTOBER 2022 BULLETIN]



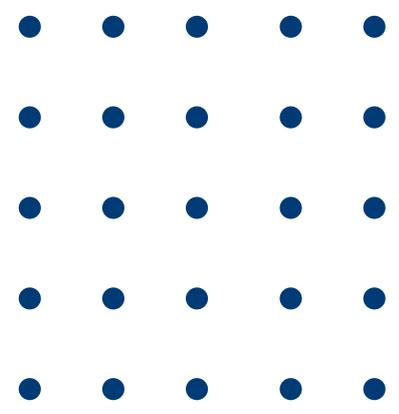
GEORGIA



WWW.EU4BUSINESS.GE

TRENDS IN SME DEVELOPMENT

IN GEORGIA Q1 2022



Total SMEs in Georgia

74,507

Of which

1,280

export

compared with

77,915

in 2021

Government Resources supporting SMEs in 2022

€227.64

million

1.02%

of GDP

Qtrs I-II
2022

Qtr I
2022

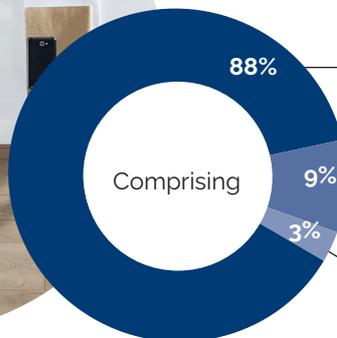
TO **+48.45%** **+47.37%**

Jobs **+3.65%** **+6.54%**

Jan-Feb
2021

Nov-Dec
2020

Exports **-27.8%** **-39.5%**



Micro

65,795

Small

6,507

Medium

2,205

SMEs supported by EU

amounted to

34,634

46.5%

of total in Georgia
in 2021

Estimated Annualised EU support SMEs in Georgia

€56.29

million

(annualised budgets available in 2021)

Performance of EU supported SMEs in 2021, Annual Change:

Incomes **+10.1%**

Employment **+8%**

Exports **+6.56%**

GOVERNMENT OF GEORGIA CURRENT SME POLICY

LATEST POLICY DEVELOPMENTS ON GEORGIAN SME POLICY



Produce in Georgia Program brings 1,6 GEL in tax revenues for each GEL co-financed by the state already in the first year. This indicator shows that the state should continue this type of intervention to promote small and medium-sized businesses ... It is very important that we create a sustainable category of small and medium-sized businesses, which are the most vulnerable, so that they can withstand economic shocks and be successful."

[Link](#) Statement of the Vice Prime Minister and Minister of Economy and Sustainable Development.

SME DEVELOPMENT STRATEGY OF GEORGIA 2021-2025 PUBLISHED 13.07.21 [Link](#)

OBJECTIVES

- Create / expand opportunities for the creation and development of small and medium-sized enterprises focused on sustainable development
- Increase the competitiveness of SMEs by promoting entrepreneurial skills and entrepreneurial culture
- Increase the use of financial market instruments by SMEs
- Improve the competitiveness of SMEs by promoting the growth of SME exports, market access and internationalization.
- Improve the competitiveness and productivity of SMEs through promoting electronic communications, IT, innovation, R&D
- Utilize the economic potential of women by promoting the development of women entrepreneurship
- Promote modern resource efficient entrepreneurship.

TARGETS

➤ Increase in value added of SMEs by 20%;

➤ Increase the number of employed by SMEs by 10%;

➤ Increase the productivity of SMEs by 20%.

BUDGET COMMITMENTS

€80 million

for 2021 plus in-house provision of services funded from administrative expenses

MAJOR INSTRUMENTS

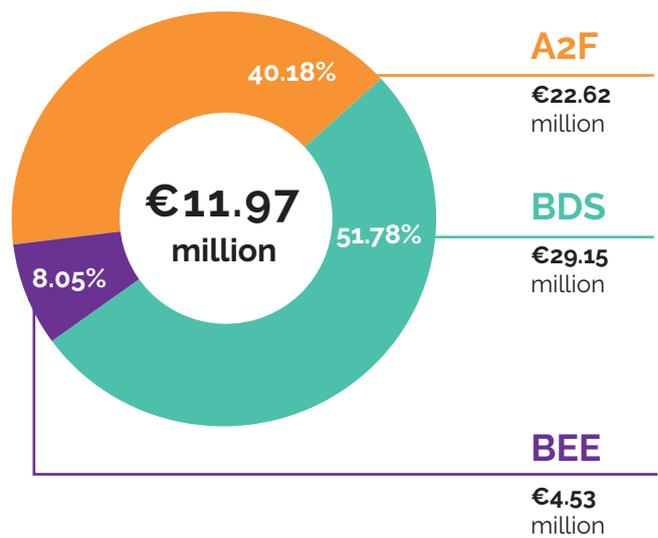
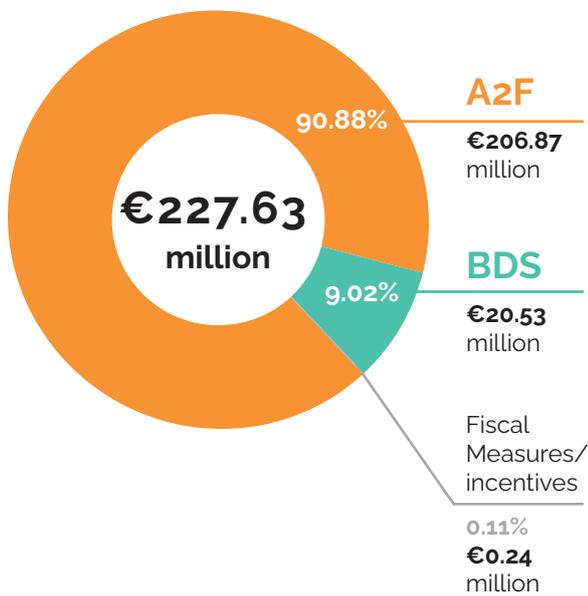
AVAILABLE FOR SMES IN GEORGIA

These are instruments that were active in 2021, some of which have ended already

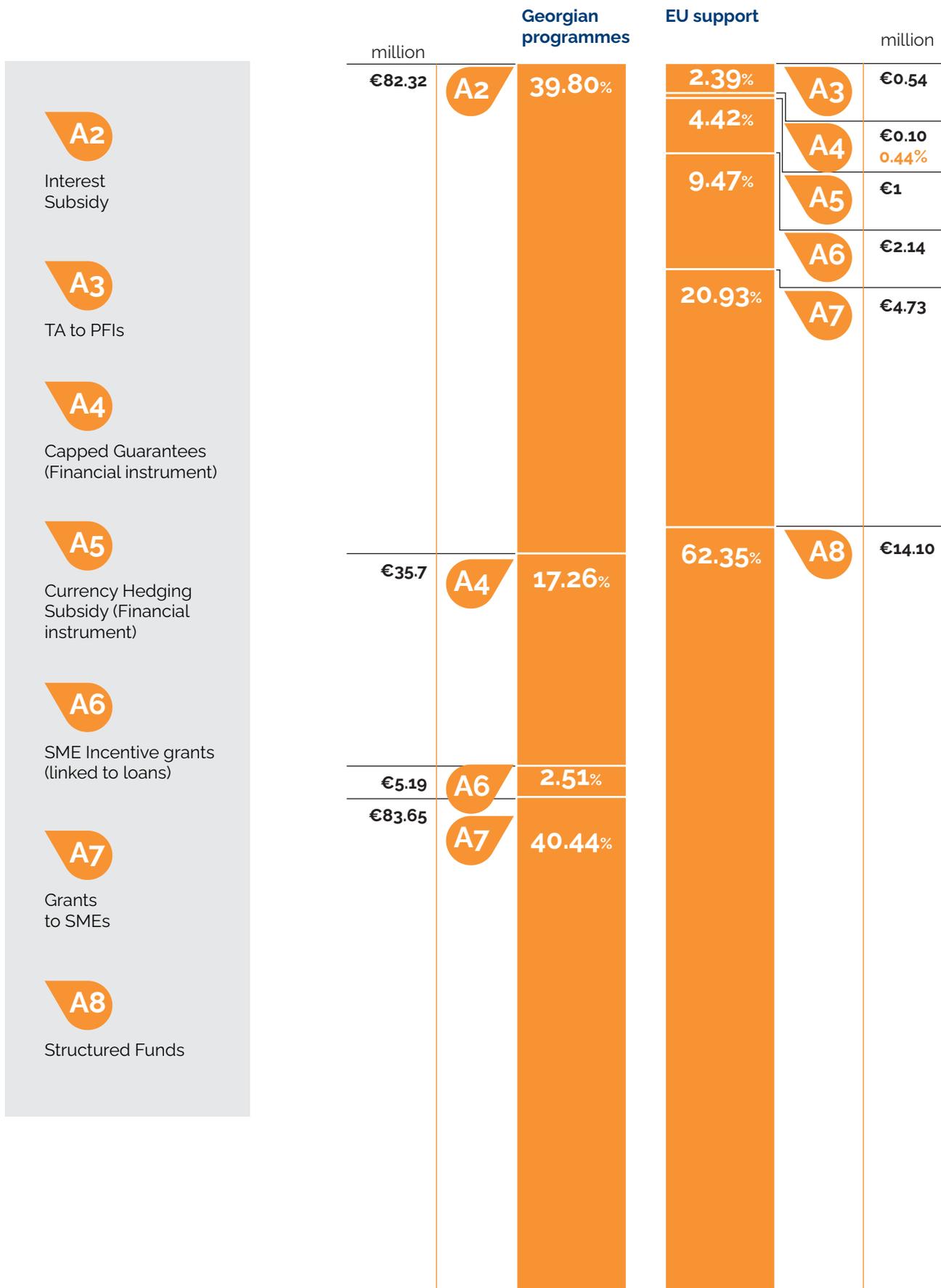
The following instruments to support SMEs are categorised by instrument in line with EU4Business Facility to allow comparison and coherence of EU support in Georgia

Government of Georgia

EU4Business



ACCESS TO FINANCE (A2F) INSTRUMENTS



<p>A2</p>	<p>State Program "Produce in Georgia" / Universal Business Component / Co-financing of Interest on Loans / leasing fees or lfees for operating under international brand name (in case of hotels & balneological resorts) (from LEPL Produce in Georgia); total value of support €17.31 million.</p>	<p>Link</p>
<p>Interest Subsidy</p>	<p>State Program "Produce in Georgia" / Industrial Component / Co-financing of Interest on Credit and Leasing and/or the fee for operating under an international brand name (in case of hotels) (from LEPL Produce in Georgia); total value of support €17.31 million.</p>	<p>Link</p>
	<p>State Program "Subsidised Mortgage Loan" (from LEPL Produce in Georgia); total value of support €12.11 million.</p>	<p>Link</p>
	<p>State Program "Preferential Agrocredit" / Fixed Assets (from NNLP Rural Development Agency); total value of support €10.47 million.</p>	<p>Link</p>
	<p>State Program "Preferential Agrocredit" / Current Assets (from NNLP Rural Development Agency); total value of support €14,66 million.</p>	<p>Link</p>
	<p>State Program "Preferential Agrocredit" /Agro Leasing (from NNLP Rural Development Agency); total value of support €10,47 million.</p>	<p>Link</p>
<p>A4</p>	<p>State Program "Produce in Georgia" / Universal Business Component / Guarantees for Credit and Leasing contracts under the pogram (from LEPL Produce in Georgia); total value of support €12.11 million.</p>	<p>Link</p>
<p>Capped Guarantees (Financial instrument)</p>	<p>Credit Guarantee Mechanism (from LEPL Produce in Georgia); total value of support €17,31 million.</p>	<p>Link</p>
	<p>State Program "Preferential Agrocredit" / Backup Collateral for Current Assets (from NNLP Rural Development Agency); total value of support €6.28 million.</p>	<p>Link</p>
<p>A6</p>	<p>State Program "Produce in Georgia" / Universal Business Component / Grants to Co-financing scheme beneficiaries (from LEPL Produce in Georgia); total value of support €5.19 million.</p>	<p>Link</p>
<p>SME Incentive grants (linked to loans)</p>		
<p>A7</p>	<p>State Program "Produce in Georgia" / Micro and Small Entrepreneurship Component (from LEPL Produce in Georgia); total value of support €5.19 million.</p>	<p>Link</p>
<p>Grants to SMEs</p>	<p>Startup Support Program / Small Grants (for Prototyping) (from LEPL Georgia's Innovation and Technology Agency); total value of support €0.16 million.</p>	<p>Link</p>
	<p>Startup Georgia / GENIE Project (from LEPL Georgia's Innovation and Technology Agency); total value of support €4.0217982 million.</p>	<p>Link</p>
	<p>GITA's Matching Grants Program (from LEPL Georgia's Innovation and Technology Agency); total value of support €0.89 million.</p>	<p>Link</p>
	<p>State Program for the Support of Agricultural Cooperatives (from NNLP Rural Development Agency); total value of support €1.21 million.</p>	<p>Link</p>
	<p>State Programme of Dairy Modernization and Market Access (from NNLP Rural Development Agency); total value of support €7.51 million.</p>	<p>Link</p>
	<p>Georgian Tea Plantation Rehabilitation Program (from NNLP Rural Development Agency); total value of support €0.36 million.</p>	<p>Link</p>
	<p>Co-financing of Agro - Processing and Storage Enterprises (from NNLP Rural Development Agency); total value of support €1.73 million.</p>	<p>Link</p>
	<p>State Program to support Agricultural Land Owners (from NNLP Rural Development Agency); total value of support €12.11 million.</p>	<p>Link</p>
	<p>Agroinsurance (from NNLP Rural Development Agency); total value of support €7.27 million.</p>	<p>Link</p>
	<p>Plant the Future (from NNLP Rural Development Agency); total value of support €9.35 million.</p>	<p>Link</p>
	<p>Bioproduction Promotion Program (from NNLP Rural Development Agency); total value of support €0.10 million.</p>	<p>Link</p>
	<p>Program of co-financing harvesting agricultural machinery (from NNLP Rural Development Agency); total value of support €1.73 million.</p>	<p>Link</p>
	<p>State Program of Co-financing Agricultural Mechanization (from NNLP Rural Development Agency); total value of support €17,31 million.</p>	<p>Link</p>
	<p>Exemption from property tax for enterprises in tourism sector (from MoF / Revenue Service); total value of support €13.84 million.</p>	<p>Link</p>
	<p>Program for Integrated development of pilot regions in 2020-2022 / Priority #3 SME Development and Innovation Support [state budget co-financing to the EU funded project] (from LEPL Georgia's Innovation and Technology Agency); total value of support €0.87 million.</p>	<p>Link</p>

BUSINESS DEVELOPMENT SERVICES INSTRUMENTS

	Georgian programmes		EU support	
	million		million	
<p>B1 Consultancy Services for SMEs</p> <p>B2 Capacity Building of BSOs</p> <p>B4 Clusters</p> <p>B5 Trade Information</p> <p>B6 B2B activities</p> <p>B7 Export Strategies</p>	<p>Link Export Assistance Program (from LEPL Produce in Georgia); total value of support €0.69 million.</p> <p>Link LEPL Produce in Georgia / Enterpr. Dept. (from LEPL Produce in Georgia); total value of support €0.72 million.</p> <p>Link Agricultural Programs' Administration & Inhouse Advisory Services (from NNLP Rural Development Agency); total value of support €10.93 million.</p> <p>Link State Program of Technical Assistance (from NNLP Rural Development Agency); total value of support €0.17 million.</p> <p>Link GCCI / Consultancies (from Georgian Chamber of Commerce and Industry); total value of support €0.6 million.</p>	<p>€13.11</p>	<p>B1</p> <p>63.86%</p>	<p>89.46%</p> <p>B1</p> <p>€26.08</p>
	<p>Link Imereti Agrozone (Greenhouse Cluster Development) (from LTD IAZ); total value of support €0.35 million.</p>	<p>€0.35</p>	<p>B4</p>	
	<p>Link LEPL Produce in Georgia / Trade Dept. (from LEPL Produce in Georgia); total value of support €0.24 million.</p>	<p>€0.24</p>	<p>B5</p>	
	<p>1.70%</p> <p>1.17%</p>			
	<p>Link Export Promotion and Development Services (from LEPL Produce in Georgia); total value of support €6.23 million.</p> <p>Link GCCI / Business Fora / Trade Missions (from Georgian Chamber of Commerce and Industry); total value of support €0.6 million.</p>	<p>€6.83</p>	<p>B6</p> <p>33.27%</p>	<p>B2 €1.12</p> <p>B4 €1.37</p> <p>B5 €0.27 0.94%</p> <p>B6 €0.18 0.61%</p> <p>B7 €0.12 0.43%</p>
				<p>3.85%</p>
				<p>4.71%</p>

FISCAL AND OTHER INSTRUMENTS

➤ Launching LEPL Produce in Georgia / Communic. Dept. (from LEPL Produce in Georgia); total value of support **€0.24 million**.

[Link](#)

NATIONAL INSTITUTIONS FOR SME DEVELOPMENT IN GEORGIA

LEPL PRODUCE IN GEORGIA

Established
2014

Annual Budget
€1,206,540

Staff
75

[Link](#)



GOALS

- Promotion of entrepreneurial activity in Georgia by supporting entrepreneurs - assisting with the creation of new enterprises as well as the expansion and refurbishment of existing enterprises.
- The Promotion and development of Georgian exports by increasing the competitiveness of local products and the overall volume of goods directed towards international markets.
- Attraction, promotion and development of direct foreign investment in Georgia.

MAIN ACTIVITIES

1. Promoting and supporting the development of new enterprise as well as the expansion of existing operations by providing financial assistance to the entrepreneurial community;
2. Coordinating, organizing and co-financing of B2B exhibitions, helping Georgia-based companies and/or Georgian exporters make new business connections,
3. identify potential partners, diversify production and penetrate new export markets.
4. Connecting foreign buyers with Georgian producers.
5. Registering companies on Produce in Georgia's interactive trading platform www.tradewithgeorgia.com, promoting Georgian products and services to international audiences.
6. Providing detailed information associated with the documentation and certifications necessary for exports from Georgia, including customs procedures and tariffs in foreign markets.
7. Providing education, training, and increase the professional capacity of export managers working with export-oriented companies within Georgia.

LEPL GEORGIAN INNOVATION TECHNOLOGY AGENCY

Established
2014

Annual Budget
€408,400

Staff
61

[Link](#)



GOALS

- ➔ Formation of an ecosystem which improves all kinds of innovations and technologies in Georgia to promote a commercialization of knowledge and innovations.
- ➔ To stimulate using them in all fields of economy.
- ➔ To create an environment for the growth of innovations and high-tech products.

MAIN ACTIVITIES

1. Establishment and management of a network of industrial innovation laboratories, promotion of Georgian innovations and technologies in various industries, development of export-oriented software solutions, programming and IT services.
2. Creation of technological parks stimulating innovation and the use of technology in the country; Promotion of the development of IT business, innovative entrepreneurship and implementation of targeted programs in Georgia.
3. Promote innovation and commercialization of knowledge.
4. Development and financing of projects, programs, infrastructure to facilitate the commercialization of innovations and technologies.
5. Stimulate cooperation between business and academia.
6. Facilitate the establishment of innovative and competitive start-up companies.
7. Promote new business initiatives based on innovation and knowledge.
8. Implementation of various programs to stimulate research and development in private business.
9. Develop export potential of Georgian innovations and technologies.
10. Attract domestic and foreign investments to Georgia's innovation and technology sector.

NNLE RURAL DEVELOPMENT AGENCY

Established 2011 **Annual Budget** €3,781,250 **Staff** 366

[Link](#)



GOALS

- ➔ Creating an environment conducive to the increased competitiveness, higher and sustainable production of high-quality goods.
- ➔ Introducing the international food safety standards in agriculture sector.
- ➔ Promoting the well-being and prosperity of farmers and rural residents.

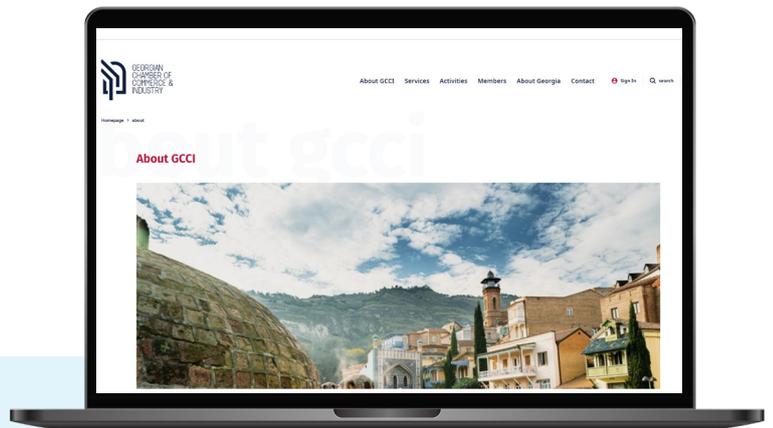
MAIN ACTIVITIES

1. Implementing a wide variety of programs/projects initiated by the Ministry of Environmental Protection and Agriculture to facilitate development of the agriculture sector in Georgia.
2. Carrying out research, promoting the establishment of farms in the country integrating international standards and methodologies in agricultural works.

GEORGIAN CHAMBER OF COMMERCE AND INDUSTRY

Established 2012 **Annual Budget** €501,000 **Staff** 51

[Link](#)



GOALS

- ➔ Promote the economic growth of the country by supporting the activities of business entities.

MAIN ACTIVITIES

1. Provide informational and advisory services to business entities;
2. Render services to foreign organisations and enterprises to carry out entrepreneurial activities in Georgia;
3. Assist business entities in preparing business plans;
4. Support business entities in fulfilling the requirements of the normative acts of Georgia;
5. Provide translation services to facilitate the activities of business entities;
6. Render assistance in the preparation of documents required for patenting inventions, utility models, industrial designs, trademarks, brand names and service marks;
7. Represent and protect the common and individual interests of resident business entities
8. Support the export of local goods;
9. Arrange exhibitions of local and foreign goods, organise business meetings and other events.
10. Carry out investment promotion activities in Georgia;
11. Facilitate the settlement of property disputes arising between the entities of private law by establishing alternative dispute resolution mechanisms;
12. Improve vocational skills and the qualifications of business entities

BUSINESS ADVOCACY MECHANISMS

IN GEORGIA

The following mechanisms are in place to engage in dialogue between private sector and Government on business reform and advocacy in Georgia:

Advisory Council of Private Sector Development Facilitation (MoESD)

Chair

Mrs. Ekaterine Mikabadze,

Deputy Minister of Economy and Sustainable
Development of Georgia MoESD;

OBJECTIVES

- Promoting constructive dialogue with the private sector;
- Identify and discuss issues hindering private sector development;
- Preparation of proposals and relevant recommendations on the private sector development, including small and medium enterprises;
- Review the implemented, ongoing and planned reforms related to the development of the private sector, including small and medium enterprises;
- Ensure transparency of ongoing and planned legislative and institutional changes in the manner prescribed by law and, to this end, organize discussions and round tables.

MEETING FREQUENCY:

- Quarterly
(last held 07.05.2021)

SECRETARIAT:

MoESD, **Mrs. Tsisnami Sabadze**
tsisnami@moesd.gov.ge

DCFTA Advisory Group of the Georgia-EU Association Council

Chair

Mr. Giorgi Kacharava,

Executive Director of the EU-Georgia
Business Council (EUGBC)

OBJECTIVES

- Reviewing implemented reforms related to the DCFTA;
- Consulting on planned and ongoing reforms, and legislative and institutional changes related to the DCFTA implementation process;
- Consulting on the employers, employees, and consumers adaptation processes to the DCFTA requirements;
- Reviewing DCFTA's implementation Action Plan and relevant reports.

MEETING FREQUENCY:

- Annually (last held
01 December 2020)

SECRETARIAT:

MoESD; - **Mrs. Mariam Gabunia**
mgabunia@moesd.gov.ge