

GEORGIA

RURAL SMEs DEVELOPMENT PROJECT

Contract no. 81070976



END OF PHASE OPERATIONAL AND FINANCIAL REPORT

REPORTING PERIOD: 1 JAN 2024 – 31 DEC 2024 (summary version for publication)

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Swisscontact (Swiss Foundation for Technical Cooperation) in
consortium with Mercy Corps and The Springfield Centre

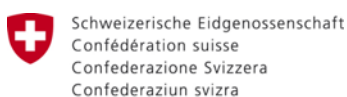
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Submitted to:

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PROJECT INFORMATION

Version	31 January 2025
Project Name:	Rural SMEs Development Project
Contract Number:	81070976
Implementing Agency:	Swisscontact (Swiss Foundation for Technical Cooperation) in consortium with Mercy Corps and The Springfield Centre
Purpose:	Increase employment and incomes for rural women and men by facilitating the sustainable diversification and expansion of rural SMEs through better access to finance and advisory services.
Phase and Duration:	Main Phase 1: October 1, 2021 – December 31, 2024 (39 months)
Phase budget:	CHF 3 839 300
Report:	Annual Operational and Financial Report
Reporting period:	2024: January 1, 2024 – December 31, 2024 PHASE: October 1, 2021 – December 31, 2024

INTRODUCTION

The *Rural SMEs Development Project* (RSMEDP) has been commissioned for a first phase (October 2021 to December 2024) under a mandate from the *Swiss Agency for Development and Cooperation* (SDC) under the Swiss Cooperation Office (SCO) for the South Caucasus after an inception period (December 2020 – September 2021). The project aims to:

- Enhance access of rural SMEs to bank and state finance by increasing awareness of rural SMEs on financial services, developing and piloting advisory packages for investment plans and loan applications.
- Support SMEs in increasing their financial literacy and management capacities by promoting strategies for SME management and developing advisory packages.
- Build capacity and align national agencies, business associations and consultancies with rural SME needs, as well as establishing communication mechanisms among key market players to support the further development of rural SMEs.

This **End of Phase Report** details the progress made in both the reporting period (Jan-Dec 2024) and provides analysis of overall phase achievement. This is based on the monitoring of key indicators and achievement of planned activities; describing the challenges encountered and related solutions; stating any organisational changes related to the Project Implementation Unit (PIU) and wider consortium structure; and by providing a non-externally reviewed financial statement detailing the status of the funds utilised and any outstanding advances.

1 STRATEGIC REVIEW

1.1 OVERVIEW OF PHASE IMPACT 2021-2024

The main estimated¹ impacts achieved overall by the project to date include:

Impact Indicators	Phase Achievement (Oct 2021- Dec 2024)
1. # of rural women and men who realise a tangible benefit that contributes to the reduction of poverty and inequalities. (Baseline 0; Target 12,600)	1: 14,392 rural women and men realise a tangible benefit. (114% of targeted 12,600)² 1a. 1,108 Females in LNOB target group (125% of target 884) 1b. Females in non-LNOB target group 4,039 (71% of target 5,668) 1c. 1,161 Males in LNOB target group (142% of target 816) 1.d 8,084 Males in non-LNOB target group (155% of target 5,232) 1e. Proportion of women with a positive perception on their influence on business and economic-related decision-making 1,596 (64% of target 2,500) ³
2. # of people having new or better employment (Baseline 0; Target 3,600 people). IED ARI 2	2: 4,020 people have new or better employment. (112% of targeted 3,600)⁴ 2a. 211 females in LNOB target group (83% of target 255) 2b. 1,216 females in non LNOB target group (75% of target 1,617) 2c. 215 males in LNOB target group (92% of target 235) 2d. 2,378 males in non LNOB target group (159% of target 1,493)
3. # of smallholder farmers with increased incomes from agricultural production (Baseline 0; Target 500 farmers). AFS ARI 1	3. 311 smallholder farmers (62% of targeted 500)⁵ 3a. 0 Females in LNOB target group (0% of target) 3b. 63 Females in non-LNOB target group (48% of target) 3c. 0 Males in LNOB target group (0% of target) 3d. 248 Males in non-LNOB target group (207% of target)
4. Net Additional Income Increase of individuals due to wage/self-employment IED TRI 1	4. Income increase of CHF 595,949 (142% of target CHF 420,000) for 681 individuals with new jobs (162% of target 420) equivalent to 286 FTE (163% of target 175 FTE). Income increase of CHF 155,201 (31% of target CHF 500,000) from 208⁶ individuals with existing jobs that receive better pay and 1,916⁷ other benefits totalling in 2,124 (425% of target 500 individuals)
5. # of SMEs benefitting with additional income, reduced costs, and/or improved resilience (Baseline 0; Target 1,500 SMEs)	5. 1,428 SMEs benefitting with additional income, reduced costs, and/or improved resilience (95% of target 1,500) 5a. 484 female owned/ led SMEs benefitting (108% of target 450 SMEs) 5b. 64 ethnic minority owned/ led SMEs benefitting (85% of target 75 SMEs)
6. Net Additional Income Increase of SMEs (Baseline 0; Target CHF 5.5 Mio) IED TRI 1)	6. CHF 7,106,077 of Net Additional Income Increase of SMEs-including farmers (129% of target CHF 5.5 Mio) of which CHF 233,047 additional income that goes to farmers (47% of target 500,000)⁸

Phase Analysis: Despite a challenging context due to the effects of COVID, the Ukraine conflict, and the ongoing political crisis in the country, the RSMEDP has achieved remarkable results in the phase. The project achieved or exceeded many of the key impact indicators including those related to SME and individual income

¹ Estimated as although these are based on impact assessments, changes take a couple of business cycles from the initial investments and thus the lag between treatment – grant or loan approval or take up of business support services - and quantifiable impact.

² The calculation of the tangible benefit is based on the estimation of average family size of 3.4 (GEOSTAT and 2020 figure arcGIS) where benefit includes people having new employment and improved employment as well as SMEs and small-holder farmers and their families.

³ The data is based on the comparison of perception surveys before and after the project interventions implementation.

⁴ The calculation combining the number of individuals with new and improved jobs (monetary and non-monetary improvements) as well as number of SME owners and SHF benefitting.

⁵ This derives from the activity packages: female inclusion in *Plant the Future* (AP 1.1.1) and extending financial advisory services (AP 1.2.1). The hazelnut sector represents the bulk of the SHF results (from the second activity package). As primary data on the representation of female farmers and female workers in hazelnut sector was not available, the project drew from secondary sources which indicates 18%. However, the project estimates conservatively that female SHF proportion is only 10%, and as ethnic minorities are not represented in the area thus the assumption is 0% for LNOB groups. Source [World Bank](#).

⁶ This number represents individuals with existing jobs, that realised salary increase.

⁷ This number represents individuals with existing jobs, that realised non-monetary benefits.

⁸ Farmers income is generated from the activity packages: female inclusion in *Plant the Future* (AP 1.1.1) and extending financial advisory services (AP 1.2.1), in particular the activity to support *FinService Audit*.

generation (I6 and I4), job creation (I4), and the overall benefit to the rural population (I1). The project found that the relatively large number SMEs that benefitted (I5) led to wider benefits for a high number of existing workers (I4 and I2), mainly in the form of improved working conditions rather than increased income. Income increases were high for SMEs (I6) and for individuals that directly found employment in the SMEs (I4).

The success of the project in Phase I has been based upon developing strong collaborative relationships with local stakeholders, particularly regional networks of private sector financial advisory services providers and the state agency *Enterprise Georgia*, which drove the majority of impact. The project received positive external evaluations against both the OECD *Development Assistance Committee* (DAC) criteria and the *Donor Committee for Enterprise Development* (DCED) standard for results measurement. The Phase I experience has been communicated through a dedicated website, contributions to industry forums such as the BEAM Exchange and DCED Seminar, and through disseminating various case studies and knowledge products.

1.2 SUMMARY OF MAIN RESULTS ACHIEVED IN THE PHASE

The main results achieved in the Phase include:

14,392 rural women and men realised a tangible benefit as a result of project activities (I1). These are people in rural communities that benefitted directly or indirectly from income increases and improved working conditions amongst **1,428 small and medium enterprises (SMEs) and small holder farmers (SHFs) that become more profitable or resilient** (I5).⁹ Income increase of CHF 7,106,077 was recorded for these SMEs (I6), enabling 681 people with new jobs (286 FTE) and 2,124 individuals with existing jobs, to increase income by CHF 595,949 and CHF 155,201 respectively (I4). Some 4,020 individuals (1,427F/ 2,593M) have new or better employment as a result (I2).

3,598 SMEs took up business support services (OC 1.1) and **1,228 SMEs have taken up loans and grants** (OC 1.2) with **CHF 11,581,476** additional volume of finance approved for the target group (OC 2.2). This comprises mainly of loans generated through financial advisory support services extended to rural SMEs by accounting services providers (ASPs) and those facilitated in coordination with *Enterprise Georgia*. Sustainability of services was recorded with **10 providers** in total with **signs of systemic change** were observed using the AAER framework (OC 2.1).

These include business association partners that adopted or adapted **service referral models** introduced by the project, leading to service providers continuing to provide services to rural SMEs without any subsidy or other support by the project. In addition, two professional Accounting Federations adopted the **financial advisory service provider training offer** in introduced by the project; the *Enterprise Georgia* Growth Hub Network invested in scaling the **business diagnostic processes** introduced by the project in 2022 and 2023 and adapted the model to offer investee screening services as pre-requisite to micro-enterprises accessing the micro-loan product.

1.3 ACHIEVEMENT OF STRATEGIC PRIORITIES 2024

The YPO 2024 outlined strategic priorities for the RSMEDP in the final year of implementation. In 2024 the emphasis has been on:

- Ensuring scale-up of key performing services that support access to finance outcomes.
- Institutionalisation of introduced products/ services with partners.
- Sharing knowledge and learning from project interventions with relevant stakeholders.
- Preparing for the project’s second phase through the identification of forward strategies.

At the end of the year some important milestones were achieved.

Priorities 2024	Progress 2024
Ensure scale-up of key performing services that	The project has invested in partners that can scale access to finance outcomes. These include: <ul style="list-style-type: none"> • The network of accounting services providers (ASPs) under the professional Federations (AP 1.2.1.). This has continued to perform well with over 700 SMEs

⁹ SMEs benefit through additional income, reduced costs and/or improved resilience (Impact indicator 5) after accessing finance or making operational and management changes as a result of accessing business support services.

<p>support access to finance outcomes.</p>	<p>reached with financial advisory services which are stimulating access to finance outcomes. In addition, the project made direct investments in regional service providers such as <i>FinService Audit</i> and <i>Prestige Audit</i> (AP 1.2.1).</p> <ul style="list-style-type: none"> • Building on the strong collaboration with <i>Enterprise Georgia</i> to facilitate the uptake of the micro-loan product amongst rural SMEs (AP 1.1.1.). The project’s work enabled EG to launch the product, leading to 188 micro and small enterprises taking up loans (the majority – 127 loans – were taken up by women).
<p>Institutionalisation of introduced products/ services with partners.</p>	<p>The project made progress in terms of the roll-out of business diagnostics testing and the uptake of strategic initiatives related to the <i>Enterprise Georgia</i> Growth Hub network, though progress needs to be made with the <i>Graduation</i> and <i>BeDigital</i> services (AP 2.2.1). The professional accountancy Federations and the <i>Service for Accounting, Reporting, and Auditing Supervision</i> (SARAS) started collaborating on supporting regional service providers to improve the financial reporting of rural SMEs.</p> <p>The project was not able to build on the technical assistance provided to the RDA in establishing a gender responsive data collection system due to political disruption. The work to support <i>Bank of Georgia</i> in NFS did not scale up, due to structural changes within the bank, including the disbanding of the <i>value-added services</i> team (AP.1.1.3.). <i>Bank of Georgia</i> remains a promising partner for improving access to ESG compliant loans for rural SMEs and the project commissioned some foundational research on green financing.</p>
<p>Share knowledge and learning from project interventions with relevant stakeholders</p>	<p>The project conducted a sectoral dialogue meeting with the accounting sector – including the industry Federations, regulator, state agencies, financial institutions, accounting services providers, and SMEs – in a round table format to share experience of facilitating financial advisory services to rural SMEs in Tbilisi. The Regulator and Federations then disseminated the experience through regional dialogue events (held in July 2024). Some sectoral associations conducted sector-specific dialogue exchanges (the Tea Association for example – AP 1.1.2).</p> <p>Two learning briefs were published focused on how the project has stimulated employment outcomes through financial advisory services and access to finance for disadvantaged groups. The project shared learning and experience of engaging commercial banks at the <i>Donor Committee for Enterprise Development</i> (DCED) Global Seminar in Nairobi, Kenya in October 2024 as part of the session, and was a featured project in the <i>Market Systems Development for Employment</i> (MSD4E) Landscape Analysis, also featured at the Seminar.</p>
<p>Preparation for second phase through the identification of forward strategies.</p>	<p>The project was active in engaging partners to identify opportunities and synergies to inform the Phase II project document (ProDoc). This included IFIs (<i>European Bank for Reconstruction and Development</i> and <i>European Investment Bank</i>); potential partner financial institutions (including <i>ProCredit Bank</i>, <i>Bank of Georgia</i>, <i>TBC Bank</i>); development partners (UNWOMEN, USAID Agri-Trade Diversification Project (CNFA), USAID Financial Innovation Project (Palladium)); and state agencies, <i>Enterprise Georgia</i>, <i>Georgia’s Innovation and Technology Agency</i>, <i>Rural Development Agency</i>. Coordination meetings were held with SDC before and after an internal workshop facilitated by the Springfield Centre in August 2024.</p> <p>The ProDoc was submitted on October 8, 2024, with eight forward strategies building upon the experience of phase 1. These include improving and embedding financial advisory services offered by regional accounting services providers (INT 1); developing digital solutions (INT 2); developing non-financial services to support rural SME access to credit (INT 3); develop export finance products and services (INT 4); continue to improve access of vulnerable groups to state subsidised finance opportunities (INT 5); diversify the services of the Growth Hub Network (INT 6), and improve the use of data generated by the network (INT 7); strengthen producer-buyer relationships (INT 8).</p>

1.4 OPERATING ENVIRONMENT IN GEORGIA/ SOCIO-ECONOMIC CONTEXT

Political environment: the political environment became increasingly volatile during the reporting period with significant protests taking place both before and after the Parliamentary election on 26 October. This negatively affected the operating environment towards the end of 2024 and impacted project operations. Some key developments in the reporting period include:

Introduction of the Transparency Law and protests: On 28th May 2024, the Georgian government passed "**Transparency of Foreign Influence**" legislation, over-riding the then President's veto.¹⁰ This led to significant citizen demonstrations, and subsequent arrests and fines of protesters.¹¹ The law requires that organisations receiving more than 20% of their funding from a foreign source need to register as an 'agent of foreign influence', report on their activities annually and submit to investigations, or face financial penalties.¹² The *Georgian Dream* party claimed the law was necessary to increase transparency and curb foreign influence¹³ and is consistent with European integration, despite contemporary criticism from EU officials¹⁴ and the wider West.¹⁵

Criticism of the law includes that it is an attempt to suppress critical voices, threatens freedom of expression and civil society required for fair democratic processes¹⁶ and 'contains serious deficiencies that renders it incompatible with international human rights standards'.¹⁷ More widely, the passing of the law (and another law limiting the rights of sexual minorities¹⁸) are seen as a **fundamental shift in Georgia's orientation away from the West** and towards making common cause with authoritarian regimes, including Russia.¹⁹ The *Georgian Dream* party continues to identify strongly with international populist conservatives,²⁰ publicly criticise EU and US leaders, court Western adversaries such as Iran²¹ and China,²² and avoid criticism of- and promote improved economic relations with- Russia.²³

Parliamentary Elections and aftermath: relations with the West became the key question both before and after the Parliamentary elections on October 26. The election itself was declared by the *Central Election Commission* (CEC) for the *Georgian Dream* party, which with 53% of the vote, outperformed the collective opposition of four pro-western coalitions. Widespread reports of violations,²⁴ and evidence of statistical anomalies²⁵, led to the election being immediately disputed, with the **opposition and then President refusing to endorse the results**. *Georgian Dream* proceeded to open Parliament in late November, with opposition figures refusing to take their seats and calling for a new election. The election results were generally endorsed by populist and authoritarian regimes (Russia, Venezuela, Azerbaijan, Hungary), and disputed by western countries, EU representatives, and the US.²⁶

The crisis deepened on November 28 following an announcement by the Prime Minister that the country would not pursue EU integration until 2028 and refuse budget support.²⁷ This action triggered **mass citizen protests across Georgia** which continued throughout the reporting period. The main demand remains for a new election to be conducted under fair and democratic conditions. The context has been characterised by widely

¹⁰ Agenda.ge [here](#).

¹¹ Civil.ge [here](#).

¹² Swisscontact and Mercy Corps were preparing to apply for registration in late August until it became clear through a letter from the DoJ to the German Ambassador that branch offices of international organisations would be exempted.

¹³ The Prime Minister claimed it would ensure political stability, reduce attacks on the Georgian Orthodox church, the discrediting of state institutions, and reduce radicalisation and polarisation (in particular the opening of a 'second front' of the war in Ukraine). See Civil.ge [here](#).

¹⁴ On 21st May the Venice Commission issued an urgent opinion on the Georgian law on Transparency of Foreign Influence. It in its strongest terms, it recommended revoking the law since it will have an adverse impact on the freedoms of association and expression, right to privacy and rights to prohibition of discrimination. See [here](#).

¹⁵ Civil.ge [here](#).

¹⁶ The EU 'Venice Commission' published an urgent opinion on the law, criticising its compatibility applicable international and European standards, and concluding that restrictions set by the Law in relation to freedom of expression, freedom of association and privacy do not meet the requirements of legality, legitimacy, necessity in a democratic society. See Venice Commission [here](#).

¹⁷ Office for Democratic Institutions and Human Rights (OCSE) [here](#).

¹⁸ The law 'On the Protection of Family Values and Minors' came into force on December 2, 2024.

¹⁹ Centre for Eastern Studies, [here](#).

²⁰ Eurasia.net [here](#).

²¹ Georgia Today [here](#).

²² Radio Free Europe/ Radio Liberty [here](#).

²³ Foreign Policy.com [here](#).

²⁴ Civil.ge [here](#).

²⁵ BBC News, 1 November 2024, [here](#).

²⁶ Civil.ge [here](#).

²⁷ Georgian Public Broadcaster, 28 November 2024, [here](#).

reported allegations of excessive force by police,²⁸ impunity of the security forces,²⁹ politically motivated judicial decisions and disproportionate sentencing,³⁰ the introduction of repressive laws,³¹ further hollowing out of democratic institutions, including the presidency,³² as well as violence and intimidation of journalists and opposition figures.³³

The period featured **deeper deterioration of relations with western countries**. This has included the introduction of sanctions on more *Georgian Dream* leaders by western countries³⁴ and the decision by the European Union Foreign Affairs Council to suspend visa liberalisation for diplomatic passport holders.³⁵ In addition, many donor countries announced that they would **suspend development cooperation** with Georgia, specifically projects directly supporting the government. These include Germany halting projects valued at EUR 237M,³⁶ the suspension of the strategic partnership with the United States,³⁷ as well as statements from the UK, Sweden, and others. *Georgian Dream* leaders have expressed hope that the incoming Trump administration will reverse this trajectory,³⁸ however it is not yet clear how the new US government will act.

Socio-economic context: while the economy had been recovering well from since the COVID pandemic, the political crisis in Georgia has led to a more pessimistic outlook. In 2023, economic growth was strong with 7.5% GDP growth (World Bank) and unemployment reduced to a record levels (16.4%), a year which culminated in the award of EU candidacy status. However, the passage of the *Transparency of Foreign Influence Law* through parliament, ongoing political crisis, and the associated deterioration of relations with western partners, culminating in the suspension of EU membership talks in late 2024, has led to a more negative outlook. A survey of Georgian economists in Q4 2024, identified that inflation is predicted to increase, export and import volumes are forecasted to decrease, and GDP growth expected to be only 3.6% in 2025.³⁹

²⁸ Human Rights Watch, [here](#).

²⁹ Amnesty International, [here](#).

³⁰ Transparency International, [here](#).

³¹ Civil.ge [here](#).

³² BBC, 29 December 2024, [here](#).

³³ Transparency International, 30 December 2024, [here](#).

³⁴ Transparency International, 26 December 2024, [here](#).

³⁵ European Commission, 20 December 2024, [here](#).

³⁶ Georgian Public Broadcaster, 27 December 2024, [here](#).

³⁷ Business Media Georgia, 30 November 2024, [here](#).

³⁸ Agenda.ge, 20 December 2024, [here](#).

³⁹ PMCG Research, *Georgian Economic Climate, Q4 2024, Issue 28*. Available [here](#).

2 IMPACTS AND OUTCOMES ACHIEVED

2.1 SUMMARY OF IMPACT 2024 & PHASE

2024 Achievement	Phase Achievement vs targets
<p>1: 13,212 rural women and men realise a tangible benefit.</p> <p>1a. 471 Females in LNOB target group 1.b 4,039 Females in non-LNOB target group 1c. 618 Males in LNOB target group 1.d Males in non-LNOB target group 8,084 1e. Proportion of women with a positive perception on their influence on business and economic-related decision-making 1,833</p> <p>2: 3,683 people have new or better employment.</p> <p>2a. 29 females in LNOB target group 2b. 1,216 females in non- LNOB target group 2c. 60 males in LNOB target group 2d. 2,378 males in non LNOB target group</p> <p>3. 311 smallholder farmers</p> <p>3a. 0 Females in LNOB target group 3b. 63 Females in non-LNOB target group 3c. 0 Males in LNOB target group 3d. 248 Males in non-LNOB target group</p> <p>4. Income increase of CHF 432,936 for 468 individuals with new jobs equivalent to 200 FTE Income increase of CHF 107,573 from 2000 individuals with existing jobs that receive better pay/benefits</p> <p>5. 1,334 SMEs benefitting with additional income, reduced costs, and/or improved resilience</p> <ul style="list-style-type: none"> • 442 female owned/ led SMEs benefitting • 52 ethnic minority owned/ led SMEs benefitting <p>6. CHF 6,249,021 of Net Additional Income Increase of SMEs including net additional income for farmers of CHF 233,047</p>	<p>1. 14,392 rural women and men realise a tangible benefit. (114% of targeted 12,600)</p> <p>1a. 1,108 Females in LNOB target group (125% of target 884) 1b. Females in non-LNOB target group 4,039 (71% of target 5,668) 1c. 1,161 Males in LNOB target group (142% of target 816) 1d 8,084 Males in non-LNOB target group (155% of target 5,232) 1e. Proportion of women with a positive perception on their influence on business and economic-related decision-making 1,596 (64% of target 2,500)</p> <p>2: 4,020 people have new or better employment. (112% of targeted 3,600)</p> <p>2a. 211 females in LNOB target group (83% of target 255) 2b. 1,216 females in non LNOB target group (75% of target 1617) 2c. 215 males in LNOB target group (92% of target 235) 2d. 2,378 males in non LNOB target group (159% of target 1493)</p> <p>3. 311 smallholder farmers (62% of target)</p> <p>3a. 0 Females in LNOB target group (0% of target 130) 3b. 63 Females in non-LNOB target group (48% of target 130) 3c. 0 Males in LNOB target group (0% of target 120) 3d. 248 Males in non-LNOB target group (207% of target 120)</p> <p>4. Income increase of CHF 595,949 (142% of target CHF 420,000) for 681 individuals with new jobs (162% of target 420) equivalent to 286 FTE (163% of target 175 FTE). Income increase of CHF 155,201 (31% of target CHF 500,000) from 208 individuals with existing jobs that receive better pay and 1,916 other benefits totalling 2,124 (425% of target 500 individuals)</p> <p>5. 1,428 SMEs benefitting with additional income, reduced costs, and/or improved resilience (95% of target 1,500)</p> <ul style="list-style-type: none"> • 484 female owned/ led SMEs benefitting (108% of target 450 SMEs). • 64 ethnic minority owned/ led SMEs benefitting (85% of target 75 SMEs). <p>6. CHF 7,106,077 of Net Additional Income Increase of SMEs-including farmers (129% of target CHF 5.5 Mio) of which CHF 233,047 additional income that goes to farmers (47% of target 500,000).</p>

2.2 ACHIEVEMENT OF IMPACTS

The project achieved considerable impacts in 2024 compared to previous years, which was anticipated given many impact assessments took place in 2024 – see MRM section. The key drivers of impact in 2024 and the phase came from the interventions to stimulate financial advisory services through networks of local private sector accounting services providers, and the efforts to stimulate uptake of the subsidised financial products (micro-grants and micro-loans) with *Enterprise Georgia*. Other activities with the RDA and business associations contributed to overall impacts, though not significantly. Overall impact with rural communities was reached (I1), with results on female empowerment reflecting the solid achievement with SME support initiatives (108% of the target, 5b), but too limited gender impacts with small-holder farmers (SHFs) (I3), led to underachievement in some gender-specific impact targets (1e, 2b).

Analysis of the impacts reveal that the project overall was successful in benefitting a significant number of SMEs (I5) - 95% of the phase target - which generated high increases in net additional income for these enterprises (I6). When disaggregated, achievement is skewed towards SMEs benefitting (1,117 from a target of 1,000), compared to small-holder farmers (311 from a target of 500). This drove the higher than anticipated impact on existing workers, where a high number of existing workers (1,916) benefitted through improved working conditions, though the proportion of those realising salary increases was lower than anticipated (I4). Income for small-holder farmer (SHFs) was lower than the original target overall – though broadly in-line with

the outreach the project achieved, and as these are primarily male-led family-enterprises, there were fewer corresponding benefits accrued to existing workers (I4), and women (I3).

Income increases for those with new jobs and the number of people and full-time equivalent (FTE) jobs created (I4) exceeded phase targets. This reflects that in some cases enterprises supported through activities to facilitate access to finance were early stage or start-up businesses where the finance accelerated their development and led to higher increases in income and jobs created (particularly the activities with *Enterprise Georgia*). Overall, the higher proportion of SMEs benefitting, and the impact on existing workers, combined with the relatively high number of people gaining new employment, has driven a high number of people with new or better employment (I2). This leads to the project achieving the target for tangible benefits for men and women, based on the household size of 3.4 family members on average (I1).

2.3 SUMMARY OF OUTCOMES 2024 & FULL PHASE

Outcome 1: Rural SMEs sustainably grow through better access to finance.

Outcome Indicators & targets	2024 Achievement	Phase Achievement
<ol style="list-style-type: none"> # of SMEs taking up BSS services (Baseline 0; Target 1800). # of SMEs taking up for loans and grants (Baseline 0; Target loans 775; grants 500) <ul style="list-style-type: none"> # of female owned/ led SMEs taking up loans (Baseline 0; Target 235) # of ethnic minority owned/ led SMEs taking up loans (Baseline 0; Target 40) # of female owned/ led SMEs taking up grants (Baseline 0; Target 150) # of ethnic minority owned/ led SMEs taking up grants (Baseline 0; Target 25) 	<ol style="list-style-type: none"> 1,830 SMEs taking up BSS services 796 SMEs taking up loans and grants <ul style="list-style-type: none"> 199 female owned/ led SMEs taking up loans 15 ethnic minority owned/ led SMEs taking up loans 143 of female owned/ led SMEs taking up grants 0 of ethnic minority owned/ led SMEs taking up grants. 	<ol style="list-style-type: none"> 3,598 SMEs taking up BSS services (200% of total target) 1,228 SMEs taking up loans and grants (96% of total project target for loans and grants, 77% for loans and 127% for grants) <ul style="list-style-type: none"> 245 female owned/ led SMEs taking up loans (104% of target) 15 ethnic minority owned/ led SMEs taking up loans (38% of target) 264 of female owned/ led SMEs taking up grants (176% of target). 60 of ethnic minority owned/ led SMEs taking up grants (240% of target)

Outcome 2: Market players have improved capacities to respond to the needs of rural SMEs for access to finance.

Outcome Indicators & targets	2024 Achievement	Phase Achievement
<ol style="list-style-type: none"> # of agencies providing sustainable, including fee-based, services to rural SMEs. (Baseline 0; Target: 10). Total <i>additional</i> volume of loan/leasing/ grants approved for the target group (Baseline 0; Target CHF 5,7 Mio) 	<ol style="list-style-type: none"> 7 agencies providing fee-based, services to rural SMEs. CHF 8,066,630 total additional volume of loan/leasing/ grants approved for the target group 	<ol style="list-style-type: none"> 10 agencies providing fee-based, services to rural SMEs (100% of target) CHF 11,581,476 total <i>additional</i> volume of loan/leasing/ grants approved for the target group (203% of target)

2.4 ACHIEVEMENT OF OUTCOMES

Outcome 1.1 and 1.2:

01.1: 1,830 SMEs took up business support services (BSS) in 2024. BSS has been driven mainly through the extension of paid-for financial advisory services through regional-based accounting services providers (ASPs) (AP 1.2.1);⁴⁰ the facilitation of services by various business associations (AP1.1.3.);⁴¹ the extension of the business diagnostics services to micro-enterprises to facilitate access to co-financed business support services and the micro-loan product through the *Enterprise Georgia Growth Hubs*;⁴² support to potential female

⁴⁰ ASPs in the networks of the professional Federations and *FinService Audit* (recipient of a direct grant) delivered business support services to 554 SMEs – mainly financial advisory and loan/ grant application services.

⁴¹ Associations facilitated 118 services in the reporting period. The main associations were the *Georgian Farmers' Association* (GFA); *Almonds and Walnuts Producers Association* (AWPA); the *Georgian Agri-tourism Regional Association* (GARA) (financial advisory and communications); the *Small and Medium Enterprises Development Association* (SMEDA); and the *Georgian Milk Mark Federation* (GMMF).

⁴² In the Growth Hubs diagnostics testing tools and processes introduced by the project were used to serve 890 SMEs.

applicants of the RDA *Plant the Future* programme,⁴³ and other services with *Enterprise Georgia* such as *Graduation* and *BeDigital*.⁴⁴

01.2: 796 SMEs took up loans and grants in 2024. The **loans (424)** have been driven mainly by SMEs receiving financial advisory services through the network of accounting services providers (ASPs) affiliated to the professional accounting federations (GFPA and GFAAFM), and independent providers;⁴⁵ and by supporting uptake of the newly introduced micro-loan product with *Enterprise Georgia*. The project made progress with female take up of loans mainly through supporting access to the micro-loan product, which has conditions favourable to female borrowers.⁴⁶ Regarding **grants (372)**, take up has been driven by accounting services providers supported by the project either in the networks of the professional Federations or directly through grants;⁴⁷ female applicants supported to access the *Plant the Future* programme;⁴⁸ and a small number being realised from previous investments by the project.⁴⁹ Interventions to improve the targeting by state agencies has led to the achievement of both phase targets for female and ethnic minority uptake of grants.⁵⁰

Analysis: there has been **good progress with business support services** and access to finance (grants and loans) in 2024. The services are mainly from the accounting services providers supported under the Federations as this intervention is maturing with strong relationships with key stakeholders, and roll-out of introduced services by the *Enterprise Georgia* Growth Hubs, and the additional diagnostics centres being supported by the project in non-growth hub areas which was introduced from Q3 2024 (see AP 1.1.1.). The **increase in loans in 2024** was due to the successful work to facilitate access to micro-loans, and continuation of the work with regional-based accounting services providers to improve SME finances and advise them on investment applications; grants were also realised through collaborations with regional firms (such as *FinService Audit*) and innovative ways to support access to state grants (AP 1.1.1).

Phase Analysis: the project has achieved **high numbers of business support services** compared to the phase target (3,598, representing 200% of the target). This is due to services being up taken by scale-agents such as *Enterprise Georgia* later in the phase as the Growth Hub Network become operational in 2024. There is a qualitative difference between business services related to supporting access to finance (consultations, business diagnostics for investee screening, or interview translation support) which are higher volume and lower intensity, than other business services the project has sought to introduce, such as business mentoring and financial advisory which are more intensive and take place over a longer time period. Therefore, the high BSS up-take reflects the success of support services that sought to facilitate access to finance outcomes, in addition to services that sought deeper effects in terms improvements in business performance.

In terms of **access to finance**, the strong performance in 2024 brings total phase achievement up to 1,228 SMEs taking up loans (594) and grants (634), or 96% of the phase target. More grants than loans were realised due to specific interventions to stimulate inclusive access to state agency-subsidised products (which are often grants), the orientation of many rural SMEs and their representative associations towards grant acquisition, and that the collaboration with commercial financial institutions (such as *Liberty Bank*) envisaged in the inception phase did not materialise. However, the project's successful facilitation of business to business (B2B) advisory models through local accounting services providers and collaboration to *Enterprise Georgia* to bring

⁴³ 141 counselling services were provided - mainly to female potential applicants of the RDA *Plant the Future* programme.

⁴⁴ 41 financial application services were provided under the *Graduation* service (13F/ 28M); *BeDigital* reached 66 micro-enterprises (33F/ 33M).

⁴⁵ In 2024, ASPs in the networks of the professional Federations supported 83 SMEs to access loans, with a separate investment in a regional firm – *Fin Service Audit* – facilitating 105 loans.

⁴⁶ The work to support uptake of the *Enterprise Georgia* micro-loan product led to 188 loans being up taken by micro-enterprises (127 of them by women). A further 28 were facilitated through *Enterprise Georgia* offering roster services in accounting and finance to rural SMEs. This built upon the diagnostic test and service packages introduced, and the involvement of a roster company – *Prestige Audit* – that led on the majority of services to rural clients.

⁴⁷ In 2024, ASPs under the Federations provided services that led to 109 SMEs accessing grants, while *FinService Audit* enabled 194 SMEs to access grants – mainly RDA programmes.

⁴⁸ Of 94 female applicants that successfully applied to the *Plant the Future* programme in 2023-24, monitoring by the project indicates that around a third (34.5%) would not have submitted without the additional support, leading to 34 being attributed to the work of the project.

⁴⁹ 35 grants were realised through the activity to support business association (AP 1.2.1); and the *Enterprise Georgia* *Graduation* service – despite being focused on the take up of loans – nevertheless supported 1 micro-enterprise to access a further grant (AP 2.2.3).

⁵⁰ The project has achieved 264 female-led SMEs taking up grants against a target 150 (or 176%); and 60 ethnic minority SMEs taking up grants against a target of 25 (240%).

to market the newly introduced micro-loan product (replacing the micro-grant product) ultimately drove loan up-take by rural SMEs in the phase.

Outcomes 2.1 and 2.2:

O2.1: in 2024 a further 7 agencies can be seen to have demonstrated changes towards sustainable services.

These are the *Growth Hub network* under *Enterprise Georgia*,⁵¹ business associations the *Georgian Milk Mark Federation* (GMMF) and *Georgian Agri-business Regional Association* (GARA), and the *Georgian Farmers Association* are offering improved services and providing referrals to services providers respectively (see section 2.3 below), as well as the Professional Accounting Federations that are offering the financial advisory training services through their web portals, and *Fin-Service Audit*, which opened a new office increasing its ability to serve rural SMEs.

O2.2: CHF 8,066,630 of additional financing was approved for the target group in 2024.

This comprises mainly of attributable volumes of loans and grants facilitated by accounting services providers financial advisory services extension activity and regional accountancy firms (CHF 4,904,923) (AP 1.2.1), and the micro-loan product (CHF 2,046,479). Also, through business associations facilitating sector-specific services (CHF 593,581) (AP 1.2.1); the graduation service (CHF 125,205) (AP 2.2.2); female inclusion in *Plant the Future* (CHF 56,485); and others that were validated in 2024: Dairy supplier investment programme (CHF 71,752) and EG targeting (CHF 268,206).⁵²

Analysis: additional financing approved for the target group under the financial advisory services activity was relatively high in 2024 for two reasons: high outreach of by services providers to SMEs which acted as ‘multipliers’ for access to finance services; and the relative size of the enterprises was larger (mainly small enterprises) compared to activities targeting micro-enterprises (such as the activities with *Graduation* serve and *Plant the Future*). In terms of attributed loans and grants the amount is estimated based upon an analysis of the relative contribution made to securing the finance. In the case of full attribution, the full amount approved from the target group is reported.

Phase Analysis: the project was able to stimulate changes with some partners towards sustainable service delivery to rural SMEs. These services were often introduced mainly through the project piloting the service with partners in order to build experience and capacity and then withdrawing support. In some cases, engagement was iterative, as partners required additional support before the project could withdraw.

In the phase, partners that can be seen to have ‘adopted’ services or models – made a behaviour change towards a new pro-poor change and have plans to continue it in the future - include business associations (such as GMMF and GARA) as well as the Professional Accounting Federations (GFPAA and GFAAFM), and various accounting services providers in the Federations’ networks. Others can be seen to have ‘adapted’ the service – in that they have ‘invested’ resources in the change independent of the project, these include the GFA, and *FinService Audit*. At state agency level new competencies were adopted/ adapted at the *State Employment Support Agency* (adopted counselling services to socially vulnerable groups), *Enterprise Georgia* (adopted improved targeting and communication practices towards linguistic minorities) and the *Growth Hub Network* (adapted improved diagnostic testing and client support services).

2.5 SYSTEMIC LEVEL CHANGES

The project uses the *Adopt, Adapt, Expand, Respond* (AAER) framework for managing and measuring systemic change.⁵³ International practice shows that at least 2-2.5 years are necessary for systemic changes to occur, however the project has been monitoring for signs of adoption and adaption of the introduced innovations (products and services) through intervention specific results chains. Expansion of the innovation can occur through intervention partners or other players (copying behaviours), and responses in the market are observed more broadly in wider market stakeholders.

⁵¹ Although the Growth Hub network is under *Enterprise Georgia*, the service is considered sufficiently distinct to the grants targeting services previously reported (2022 Annual Report) as it relates to supporting SME access to the services of private roster companies rather than EG directly.

⁵² Including an unreported amount from previous report related to the volume of grants under Enterprise Georgia microgrants programme (CHF 268,206).

⁵³ It introduces a model of systemic change that starts with piloting (initial proof of concept) and leads to crowding in (spreading to a wider group of actors). It was originally developed by the Springfield Centre.

Evidence of systemic change in 2024

<p>ADAPT</p> <p>Adapt 1: Georgian Farmers' Association provides referrals for accounting services providers to provide grant application support to the association network. The Association has referred over 50 rural SMEs to the 8 accounting services providers that received capacity building through the project. This has led to rural SMEs receiving improved business services without co-financing support from the project.</p> <p>Adapt 2: Enterprise Georgia is investing resources in rolling out the amended diagnostic process for investee screening for the micro-loan product. Diagnostic assessments using the project supported tools and processes are being conducted by EG staff in Growth Hubs.⁵⁴</p> <p>Adapt 3: the service provider FinService Audit opened the office in Tsalenjikha, providing financial advisory and finance application services to local SMEs. The regional consulting firm invested in equipping and staffing the office and conducting outreach to local SMEs, offering them grant and loan application services.</p>	<p>RESPOND</p> <p>Respond 1. Non-competing actors are changing operational approaches. Consulting companies such as Loialte and Prestige Audit are bringing clients to the GH instead of delivering service directly</p>
<p>ADOPT</p> <p>Adopt 1: Enterprise Georgia Growth Hub Network commenced using the business diagnostic processes introduced by the project in 2022 and 2023.⁵⁵ The hubs in Samegrelo, Kakheti, and Adjara are providing business diagnostics to rural SMEs using the introduced tools and face-to-face interview approach recommended by the project consistent with international best practice. <Note this can also now be seen as adapt as the Agency has invested in the innovation>.</p> <p>Adopt 2. GFPA/ GFAAFM⁵⁶ federations have introduced new online study course opportunity for other ASPs according to regions. The online courses were developed on financial calculations necessary for SMEs and put on the Federations' web platforms.</p> <p>Adopt 3: The Georgian Agritourism Regional Association (GARA) and the Georgian Milk Mark Federation (GMMF) have integrated the services introduced under the RSMEDP initiative into their activities. Both associations have incorporated these services into their websites.</p> <p>Adopt 4: Georgian Federation of Professional Accountants and Auditors (GFPA) and Georgian Federation of Auditors, Accountants and Financial managers (GFAAFM) institutionalized training materials of financial advisory services. Training content had converted them into video lectures and uploaded on websites of both federations making it available for wider audience of ASPs.</p>	<p>EXPAND</p> <p>N/A</p>

Phase Analysis systemic change (see Annex 4): throughout the phase the project achieved systemic changes with 10 partners that can be seen to have introduced sustainable services – system changes occurrence on Adopt and Adapt levels of the AAER framework. There is only one case that could be considered as a Respond, where consulting and advisory companies including *Prestige Audit* and *Loialte*, have started referring SMEs towards receiving their services through the Growth Hub Network rather than delivering them directly. The main changes facilitated by the project can be summarised as:

- State agencies changing their approaches in support of various under-served groups through improved targeting and better communication and outreach approaches (EG, SESA, Growth Hub Network).
- Service providers changing behaviours towards the provision of business advisory services and applying new tools into their everyday work (networks under the Professional Accounting Federations; business advisory consultancies such as *Loialte*, *Prestige Audit*, *FinService Audit*).
- Associations changing behaviours towards moving from the role of service provider to being a facilitator of business support services (GARA, GFA, GMMF).

⁵⁴ The adapted tools include the diagnostic test itself, the process improvements include providing guidance prior to the first visit to the Growth Hub in order to reduce transaction costs for potential applicants (particularly around satisfying administrative requirements related to revenue service documents).

⁵⁵ The project advised the Growth Hub network to use the diagnostics questionnaire as an opportunity to build rapport with the clients – a 'chemistry meeting' which can build trust and confidence in the hubs amongst clients. This is aligned with international best practice from the UK Growth Hubs experience.

⁵⁶ *Georgian Federation of Professional Accountants and Auditors*, and *Georgian Federation of Accountants, Auditors, and Financial Managers*.

3 ACHIEVEMENT OF OUTPUTS AND MILESTONES

3.1 SUMMARY OF OUTPUT ACHIEVEMENT TOWARDS OUTCOME 1

	Indicators	2024 Achievement	Total Achievement Phase
1.1 Enhanced awareness and access of rural SMEs to appropriate finance and BSS	<ol style="list-style-type: none"> # of banks/FI adapt standards and documentation targeted for rural SMEs (Baseline 0; Target 5) # of SMEs are aware of improved products and services (Baseline 0; Target 3,200) <ul style="list-style-type: none"> - # of female-owned/led SMEs aware of improved products and services (Baseline 0; Target: 455). 	<ol style="list-style-type: none"> 2 FI adapt standards and documentation targeted for rural SMEs 3,068 SMEs are aware of improved products and services <ul style="list-style-type: none"> - 1,773 female-owned/led SMEs are aware of improved products and services 	<ol style="list-style-type: none"> 3 FI adapt standards and documentation targeted for rural SMEs (60% of phase target) 6,587 SMEs are aware of improved products and services (206% of phase target) <ul style="list-style-type: none"> - 3,574 female-owned/led SMEs are aware of improved products and services (785% of phase target)
1.2 Enhanced financial literacy and management capacities of rural SMEs	<ol style="list-style-type: none"> # of SMEs and individuals having access to and making use of formal financial products and services (Baseline 0; Target 1,800) <ul style="list-style-type: none"> # of female owned SMEs with improved financial practices (500 SMEs) # of minority owned SMEs with improved financial practices (75) # of practices introduced by SMEs due to enhanced financial literacy and management capacities (Baseline 0; Target 5) 	<ol style="list-style-type: none"> 1,410 of SMEs and individuals having access to and making use of formal financial products and services <ul style="list-style-type: none"> • 494 of female owned SMEs with improved financial practices • 41 of minority owned SMEs with improved financial practices 0 practices introduced by SMEs due to enhanced financial literacy and management capacities 	<ol style="list-style-type: none"> 2,133 of SMEs and individuals having access to and making use of formal financial products and services (119% of phase target) <ul style="list-style-type: none"> • 733 of female owned SMEs with improved financial practices (175% of phase target) • 43 of minority owned SMEs with improved financial practices (90% of phase target) 7 practices introduced by SMEs due to enhanced financial literacy and management capacities (140% of phase target)

Output 1.1: Enhanced awareness and access of rural SMEs to appropriate finance and BSS

As previously reported, *Enterprise Georgia* can be seen to be a financial institution (as grants issuer) that has **adapted its standards and documentation targeted at rural SMEs** (Output 1.1.1).⁵⁷ In the reporting period, two more financial institutions made changes to their standards and documentation towards improving services for rural SMEs. These are *TBC Leasing*, which offered a discount and preferential terms to *Almonds and Walnuts Producers Association* members (see AP 1.1.1.); and *Bank of Georgia* which made changes to their standard processes, in orienting service providers on their internal documentation as part of the effort to promote non-financial services (NFS) to rural SMEs (AP 1.1.1.).

The project has achieved good outreach in **raising awareness of improved financial and business support services** (Output 1.1.2). In the reporting period 3,068 more SMEs (1,869F/1,199M) became aware of improved products and services. Awareness raising activities by accounting services providers (AP 1.2.1) which reached over 718 SMEs and business associations with over 467 SMEs were active in the reporting period and comprised the majority of the outreach, with the graduation service being offered to around 161 SMEs (AP 2.2.3). The project continues to reach **female-led SMEs well** due to the presence of both gender-sensitive and specific activities.

Output 1.2: Enhanced financial literacy and management capacities of rural SMEs

The project continues to make **progress in facilitating SMEs to access formal financial products and services** (Output 1.2.1). In 2024, the project has enabled 1,385 SMEs (494F/ 891M) to access use of formal financial services which contribute to their increased financial literacy. This has been driven by the continuing work to extend financial advisory services through local accounting services providers (see AP 1.2.1) and the

⁵⁷ Through changes to the micro-grants programme to incorporate more LNOB groups, such as linguistic minorities and those from socially vulnerable groups (SVGs).

Graduation service (AP 2.2.2.) both of which seek to improve the management capacities and financial literacy of rural SMEs.

The reporting period has continued to see that **these activities lead to new practices being introduced by SMEs due to enhanced financial literacy and management capacities** (Output 1.2.2). These practices relate to improved *risk management* observed in SMEs that were supported by accounting service providers (see AP 1.2.1) and improved *tax compliance* due to services facilitated by business associations (see AP 1.1.3). This are in addition to previously reported practices in SMEs,⁵⁸ and reflect the greater diversity of services offered to SMEs, and the evolving needs of the target group.

Milestones completed under Outcome 1

The project completed **6 out of 9 operational milestones under Outcome 1** as per the 2024 YPO, with 3 dropped (see Annex 5). Completed milestones include networking events in ethnic minority areas (M1) a sectoral dialogue event with the Tea Association (M3), conducting a workshop with bank of Georgia (M4), knowledge and sharing event with the accounting sector (M6), the associated development and sharing of an assessment report on the effects of the services on SMEs (M7), and a new marketing campaign launched to promote leasing services (M9). Dropped milestones relate to events planned for partners where collaboration was delayed or did not proceed, with the *Georgian Farmer’s Association* (M2), *Banking Association of Georgia* (M5) and the *Association Women in Business* (M8).

3.2 SUMMARY OF OUTPUT ACHIEVEMENT TOWARDS OUTCOME 2

	Indicators	2024 Achievement	Total Achievement
2.1 Capacities of national agencies, business associations, consultancies and other sector players increased and aligned with rural SME needs and demand	<ol style="list-style-type: none"> # of BSS providers offer new/improved services and products and/or specific in-house competences improved in target institutions (Baseline 0; Target 10) # of new/improved support services from BSS providers offered to rural SMEs (Baseline 0; Target 15) <p># of BSS providers, whose services are perceived by rural SMEs as more relevant and of higher quality (Baseline: 0. Target: 10)</p>	<ol style="list-style-type: none"> 3 of BSS providers offer new/improved services and products and/or specific in-house competences improved in target institutions 6 new/improved support services from BSS providers offered to rural SMEs <p>6 of BSS providers, whose services are perceived by rural SMEs as more relevant and of higher quality</p>	<ol style="list-style-type: none"> 17 of BSS providers offer new/improved services and products and/or specific in-house competences improved in target institutions (170% of phase target) 21 new/improved support services from BSS providers offered to rural SMEs (140% of phase target) <p>10 of BSS providers, whose services are perceived by rural SMEs as more relevant and of higher quality (90% of phase target)</p>
2.2 Communication mechanisms are in place among market players to better understand and lobby for rural SME needs	<ol style="list-style-type: none"> # of SMEs participating in the dialogue forums established by sector-based advocates or organisations and linked to BSS providers (Baseline 0; Target 300) # of customers using services of the web-based information platform per month established to generate information and knowledge (Baseline 0; Target 500) # of SMEs participating in coordination events for networking and sharing information (Baseline 0; Target 350) 	<ol style="list-style-type: none"> 155 SMEs participating in the dialogue forums established by sector-based advocates or organisations and linked to BSS providers 443 customers using services of the web-based information platform per month established to generate information and knowledge 280 SMEs participating in coordination events for networking and sharing information 	<ol style="list-style-type: none"> 287 SMEs participating in the dialogue forums established by sector-based advocates or organisations and linked to BSS providers (87% of phase target) 443 customers using services of the web-based information platform per month established to generate information and knowledge (89% of phase target). 1,664 SMEs participating in coordination events for networking and sharing information (395% of phase target)

⁵⁸ Previously Budgeting and Financial Planning, Cost analysis and control, Pricing strategies, financial reporting and analysis, and Employee financial education were observed in SMEs.

Output 2.1: Capacities of national agencies, business associations, consultancies and other sector players increased and aligned with rural SME needs and demand.

The project continued to **support business support services (BSS) providers to offer new or improved services (or strengthen in-house capacities)** to rural SMEs (Output 2.1.1). In the reporting period 3 more business support services providers were added – *FinService Audit* which offered an innovative means to access RDA grants, *AWPA* which is offering leasing of mechanisation equipment for its member SMEs through collaborations with leasing companies (*AWPA*); (3) Diagnostic centres that were established by the project in EG non growth hub areas (Growth Hub Network) to support enterprises in receiving EG GH services and access finance. This is reflected in the **6 new/improved support services from BSS providers offered to rural SMEs** (Output 2.1.2).

It can be seen that 6 business support services providers' services were **perceived by rural SMEs as more relevant and of higher quality** (Output 2.1.3) in the reporting period. These were mainly business associations including the *Georgian Agri-tourism Regional Association* (GARA), the *Georgian Farmers' Association* (GFA), the *Small and Medium Enterprises Development Association* (SMEDA), and the *Tea Association*, and also the regional accounting firm *FinService Audit*. SMEs highlighted the quality of service and in-depth provision of information and guidance that made it easier to proceed with financial applications.⁵⁹

Output 2.2: Communication mechanisms are in place among market players to better understand and lobby for rural SME needs.

In the reporting period, more progress was made towards achieving the outputs in this area. This includes the development of videos for the *Enterprise Georgia* Growth Hubs website which will be available to clients of the hub network from August. This will contribute to the indicator to establish a **web-based information platform to generate information and knowledge** (Output 2.2.2). The project will monitor user data shared by *Enterprise Georgia* over the remainder of the phase.

The project continues to make strong progress in **SMEs participating in sector dialogue events** (Output 2.2.1) with 129 SMEs (103M/26F) participating in events in the reporting period. These include network events by business associations – especially the *Almonds and Walnuts Producers' Association* (*AWPA*) which engaged its membership in two dialogue events, and also professional accounting Federations which conducted an event in Tbilisi on the experience of the financial advisory services in which SMEs participated.

Milestones completed under Outcome 2

The project completed **6 operational milestones under Outcome 2 out of 12** (see Annex 5). Completed milestones include experience sharing workshops with the *Infrastructure Construction Companies Association* (M13), and the *Rural Development Agency* (M21) informed by an impact report (M19), Instructional videos (M16) were developed and disseminated by the Enterprise Georgia Growth Hub Network, a report on the impact of the *Graduation* and *BeDigital* services was amended to focus on the diagnostic assessments for the micro-loan product with Enterprise Georgia (M17), and this was discussed with the Agency (M20). One milestone was only partially completed as it was not possible to collect impact data on the impact of Growth Hub services as Enterprise Georgia was not ready to facilitate access to clients (the project was able to estimate impact from other data sets).

Milestones dropped were in relation to events anticipated with partners where collaboration did not proceed. These include a tourism industry event with *Horeca Hotel Stars Georgia* (HHS) (M10), experience sharing workshops with the *Georgian Milk Mark Federation* (GMMF) (M11) and the *Georgian Agri-tourism Regional Association* (GARA) (M12), an SME performance assessment report in relation to marketing services (M14), and a report on performance of HACCP service providers (M15). These were mainly due to the context in 2024 not being conducive to public learning events, and in some cases, partners not yet generating sufficient learning and insights to justify meaningful engagement with the sectors they represent.

⁵⁹ Impact Assessment, RSMEDP, July 2024.

4 FINANCE AND MANAGEMENT

4.1 FINANCIAL REPORT JAN 24 - JUN 24

4.1.1 SUMMARY

A summary of the financial report for 2024 and the Phase is provided below. Full details can be found in Annex 2.

Code	Function/Designation	Budget Phase	Costs period 01.10.2021- 31.12.2023	in CHF		Balance actual period	Cost phase per actual date	Balance phase per actual date	Balance phase per actual date in %
				Budget actual period 01.01.24 - 31.12.24	Costs actual period 01.01.24 - 31.12.24				
PART 1: Services Headquarters									
	TOTAL Part 1	22,000	18,029	4,800	3,900	900	21,929	71	0%
PART 2: Local Office									
	TOTAL Part 2	138,500	101,190	40,650	38,393	2,257	139,583	-1,083	-1%
PART 3a: Long-term experts									
	TOTAL Part 3a	1,361,200	926,684	422,500	412,177	10,323	1,338,860	22,340	2%
PART 3b: Short-term experts									
	TOTAL Part 3b	134,200	113,267	27,900	17,015	10,885	130,282	3,918	3%
PART 3c: Local support									
	TOTAL Part 3c	368,400	275,276	97,700	99,315	-1,615	374,592	-6,192	-2%
PART 4 Administrated Project funds									
	TOTAL Part 4	1,815,000	1,011,279	525,000	797,389	-272,389	1,808,668	6,332	0%
	GRAND TOTAL	3,839,300	2,445,725	1,118,550	1,368,189	-249,639	3,813,914	25,386	1%

4.1.2 EXPENDITURE NARRATIVE

The financial report for January–December 2024 reveals that the RSMEDP recorded an expenditure of CHF 1,368,189. This brings the total expenditure for the project phase to CHF 3,813,914, representing 99.34% of the total phase budget of CHF 3,839,300. By the end of the project phase, the unspent amount is CHF 25,386. A variance analysis highlights the following for Parts 1, 2, and 3:

Part 1: Services Headquarters budget has been fully expended, although only 81% of the 2024 budget was utilised, this was to offset minor overspending in 2021-2022.

Part 2: The Local Office utilised 94% of the 2024 budget. Overall, Part 2 exceeded the phase budget by 1%, primarily due to multiple visits by the MRM Advisor to Georgia in 2022–2023 and again in 2024 in preparation for the project's DCED Audit.

Part 3:

- **Part 3a Long-Term Experts (LTE)** - reached 98% expenditure for 2024, leaving a remaining 2% for the phase. The underspending is primarily due to the unutilised allocation for the foreign residence expenses, including unused repatriation costs, alongside a minor portion of under-spending resulting from a staff replacement in August 2024.
- **Part 3b Short-term experts (STE)** relates to experts from the Springfield Centre who have visited the project during the reporting period. In 2024, 61% of the budget was expended, leaving a balance of 3% for the whole phase. Under-expenditure was limited to unutilised travel allocation.
- **Part 3c Local Support** recorded approximately 2% higher expenditure for 2024, This overspending is primarily due to reimbursable costs related to lump-sum insurance payments made in early 2024, as well as an overall increase in administrative expenses. As a result, the phase budget exceeded the planned allocation by 2%.

Expenditure for Part 4: - expenditure was CHF 797,389 for 2024 showing a clear acceleration, as anticipated, due to the deepening of partner relationships and the scaling up of implementation. In the *Yearly Plan of Operations (YPO)* for 2024 (prepared - November 2023) the Part 4 budget was increased from CHF 525,000 to CHF 800,270 to account for projected under-expenditure in 2021-2023. The disruption in Q4 2024 led to some minor activities being cancelled (small events) or delayed but the project managed to minimise the

impact of the disruption on expenditure. Therefore, with this acceleration, the Part 4 expenditure for this period can be seen to be 99.65% of the Phase budget.

Phase Analysis: the project exhibited a classic expenditure trajectory for a market systems development (MSD) project, in that expenditure starts slowly and accelerates, rather than proceeding at a steady level. This is because such projects do not typically deliver activities independently and require interventions to be negotiated with partners to justify spending. While the project was originally budgeted with this in mind, expenditure proceeded more slowly than anticipated due, as reported at the time, to the effects of COVID which were a significant obstacle to developing relationships in the early days. Nevertheless, as relationships matured with partners, and increased in scope and ambition, it was possible for the project to make larger investments in the later stages of the phase. The project had to manage expenditure closely in the later stages of 2024, considering implementation capability and risk of non-performance by partners, due to operating environment challenges caused by the political crisis.

4.2 ORGANISATIONAL CHANGES, MRM & COMMUNICATIONS

4.2.1 ORGANISATIONAL CHANGES

There were two personnel changes in the reporting period.

Jon Burns was replaced as Advisor - Business Support Services, with [Andrew Seward](#), who has taken over as *Head of Inclusive Economic Development* at Swisscontact, which includes acting as Director for the Springfield Centre. Andrew will participate in project steering committee meetings and in August 2024 led technical advisory for the Phase II design process.

Also, Nestan Mermanishvili left the project and was replaced by [Tsothe Arabuli](#) in October 2024. Tsothe previously worked for the *Georgian Centre for Strategic Development* (GCSD), including on projects under the RSMEDP and was therefore familiar with the project's approach and values. Tsothe holds a bachelor's degree in international relations and affairs from the Free University of Tbilisi.

4.2.2 MONITORING AND RESULTS MEASUREMENT

In the reporting period, the project completed the *Donor Committee for Enterprise Development* (DCED) external audit and focused on capturing impact and outcome data for the phase through various assessments.

DCED Audit: in Q4 2024 the project **completed its audit on compliance with the DCED Standard for results measurement**. The DCED Standard provides a practical framework for results measurement by listing the different elements of best practice that a programme should follow in order to manage for results and to report on its impact in a credible manner.⁶⁰ The audit methodology involves the submission of a package of documents by the project 6 weeks prior to the audit, the selection of interventions which are subject to audit, an in-person programme visit, and the preparation of a report which is peer reviewed by a panel of auditors at the DCED Secretariat and then shared with the project for co-signature.

An experienced auditor, Phitcha Wanitphon,⁶¹ was selected by the DCED Secretariat to conduct the project audit for the RSMEDP. The project shared its document package on the 23 September, which was reviewed and five interventions selected for audit,⁶² the auditor visited the project from 4-7 November and engaged intensively with project staff and an external partner (a meeting with an Enterprise Georgia representative), and a final report was shared and signed off in late December. **The project scored highly in the audit, 91% (544 out of a possible 600 points) for 'must' compliance criteria and 92 % (194 out of a possible 210 points) for 'recommended' compliance criteria.** The audit is valid for three years.

Phase Analysis: the score in the DCED is a welcome validation of the high technical standards in monitoring and results measurement the project has sought to achieve. Analysis of the audit report indicates that the project scored consistently across all 7 key performance sections. There is room for improvement around the accuracy of some indicators, improving the utilisation of qualitative indicators, introducing some quality

⁶⁰ See DCED [here](#).

⁶¹ See short biography [here](#) and full CV [here](#).

⁶² These include the collaborations with Enterprise Georgia to support the Growth Hubs and establish the Graduation Service; the RDA in supporting women's access to Plant the Future; the introduction of support services through business associations; and the intervention to improve financial advisory services with regional accountants.

control processes (such as reducing manual data entry), and improving the way causal linkages are analysed in impact assessments. The result places the RSMEDP in the top tier of audited projects worldwide, with those scoring above 85% of the ‘must’ control points featured on the DCED website (the project has agreed to be featured). The DCED subsequently contacted the project to share lessons from the audit experience through a webinar.

Challenges faced in the phase included bridging the ‘twin-systems’ for adaptive management and reporting. This is where the project ‘thinks’ in terms of interventions designed to overcome market failures in identified systems (articulated in the DCED-compliant documents of *Functional Strategy, Intervention Concept Note, Results Chain, Measurement Plan, Systemic Change Framework* etc), whereas the project ‘reports’ against Logframe targets and activity packages set annually in the YPO. There is no contradiction between these documents per se, though the requirement to report bi-annually created pressure on the project team to prioritise the latter in Phase I. The removal of the bi-annual reporting requirement will enable better adaptive management in the project.

Completed Assessments: Data collection was a mix of out-sourcing, mainly for larger data sets, and in-house data collection conducted by the project team, with the support of directly contracted enumerators. The project team considered the appropriate methodology and sample sizes based on best practices, including DCED guidance, and led on analysis of collected data to develop reports including benchmarking and lessons learned.

Activity Package	Assessment type	Report
AP 1.1.1	Impact	<ul style="list-style-type: none"> Improve performance monitoring and targeting practices at RDA Impact Assessment – RDA, June 2024
AP 1.1.2	Impact	<ul style="list-style-type: none"> Establish sector specific financial advisory and A2F information and services Impact Assessment-GMMF, June 2024 Establish sector specific financial advisory and A2F information and services Impact Assessment-SMEDA, May 2024 Establish sector specific financial advisory and A2F information and services Impact Assessment-GFA, June 2024
	Outcome	<ul style="list-style-type: none"> Establish sector specific financial advisory and A2F information and services Outcome Assessment – Tea, March 2024 Establish sector specific financial advisory and A2F information and services Outcome Assessment – GARA, June 2024 Establish sector specific financial advisory and A2F information and services Outcome Assessment – GFA, June 2024
	Baseline	<ul style="list-style-type: none"> Establish sector specific financial advisory and A2F information and services Baseline survey-Tea, March 2024 Establish sector specific financial advisory and A2F information and services Baseline Assessment-Almonds and Walnuts Producers Association, May 2024
AP 1.2.1	Impact	<ul style="list-style-type: none"> Rural SME Financial Literacy and Access to Finance Impact Assessment – Accounting Federations, March 2024 Rural SME Financial Literacy and Access to Finance Impact Assessment - FinService 1st batch, June 2024
	Outcome	<ul style="list-style-type: none"> Rural SME Financial Literacy and Access to Finance Outcome Assessment (FinService 2nd batch), June 2024
AP 2.1.1	Impact	<ul style="list-style-type: none"> Market Access Services for ICCA, GWA, HoReca, HACCP, ADG Impact Assessment, May 2024
AP 2.2.3	Impact	<ul style="list-style-type: none"> Improve loan application quality through tripartite arrangements (FIs-ASPs-RSMEs) Impact Assessment - <i>Graduation</i>, June 2024
AP 1.1.2	Outcome and Impact assessment	<ul style="list-style-type: none"> Assessment of the financial consultancy, marketing and other BSS consultancy and access to finance application support results, SME benefits and impact that was provided by the GMMF, December 2024
AP 1.2.1	Impact assessment	<ul style="list-style-type: none"> Assess the financial practices of ASPs and their impact on the SMEs loan application quality with possible positive trends of loan approval – FinService, December 2024
AP 1.1.2	Impact Assessment	<ul style="list-style-type: none"> Assess the financial consultancy services for unsubsidised SMEs that were provided by the ASPs hired under GFA activity and their access to finances and other benefits – GFA, December 2024 Establish sector specific financial advisory and A2F information and services Impact Assessment – GARA, December 2024

Activity Package	Assessment type	Report
AP 1.1.2:	Impact Assessment	<ul style="list-style-type: none"> Assess the outcome and impact of access to agricultural machinery by SME, their benefits and impact, that resulted from the project cooperation with Almonds and Walnuts Producers Association (AWPA), November 2024
Perception Survey	Survey	<ul style="list-style-type: none"> Assess the impact on women’s perceptions on participation in decision making from all the interventions, December 2024
AP 2.2.3.	Outcome Assessment	<ul style="list-style-type: none"> Assess the outcome and impact of access to micro-loans product and be-digital service of Enterprise Georgia derived from the project activities – <i>Graduation and Be-digital</i>, December 2024

4.2.3 COMMUNICATIONS

The project continues to implement communication activities in line with the communications plan. The reporting period coincided with a deterioration of political relationships with various western partners, including donors to Georgia, and also increased scrutiny of non-government organisations. Aligned with the position of the Embassy of Switzerland, due to political sensitivities the project restricted communications outputs that related to work with government agencies, despite ongoing technical collaboration with partners during this period.

The project completed the majority of targets for the year. Specific outputs include:

Social media: the Facebook page [Rural SMEs Development - Georgia](#) that has been operational since February 2022 has 464 page likes and 534 followers. The page content aims at outreach to the key market players and their encouragement for supporting rural SMEs. In the reporting period x15 posts (x6 posts and x9 reposts of RSMEDP partner news) on relevant project facilitated events were made.⁶³

Swisscontact and RSMEDP website: the RSMEDP [website](#) serves as aggregation platform of all the project related achievements, news, and best practices, including publications such as research reports, feasibility studies, beneficiary success stories, technical notes and tools that could be useful for market players and RSMEDP partners. The project **uploaded two Annual Reports** (2021-2022, and 2023) in order to communicate the project’s results and fulfil the DCED standard mandatory requirement. These were redacted to remove confidential information specific to partners. An **article on a RSMEDP beneficiary from Georgia** was featured on the [Swisscontact website](#).

A [range of videos](#) produced with partners during the phase including the RDA (to showcase their commitment to women’s empowerment), Enterprise Georgia (three videos showcasing examples of Graduation service clients), and the AWPA (two videos showcasing the impacts of mechanisation) were uploaded. In addition, a project video was produced in the reporting period as a record of some of the strategies deployed in phase I. This highlights three strategies and examples: (1) extending financial advisory services, example of a hotel owner that benefited from advice from a project-supported accountant; (2) targeting programmes better towards vulnerable groups, with an example of a female beneficiary of the RDA *Plant the Future* programme; and, (3) preparing micro-enterprises to access commercial financing, with an example of a furniture maker in Telavi that benefited from the EG graduation service.

External platforms: the RSMEDP was featured in the **Market Systems Development for Employment (MSD4E) Landscape Assessment** in February 2024, by the *International Labour Organisation’s (ILO) Systems Change Initiative*. This reviewed 52 interventions from 27 market systems development projects across 23 countries, financed by 9 different donor organisations⁶⁴ with a criteria of employment outcomes, system changes, actor behaviour changes, sustainability, and scale. The RSMEDP is featured on the [intervention library](#) as an example of how ‘improved financial advisory services can improve the financial practices of SMEs and enable better access to finance which can lead to impacts including creating employment opportunities for rural people.’

⁶³ Themes of the posts included providing information on the support models by partners supported by RSMEDP to rural SMEs: for example, the provision of accounting services; and building the capacity of farmers in financial practices and financial planning; and mentorship by the large construction companies to the rural construction materials suppliers.

⁶⁴ These are SDC, SECO, SIDA, USAID, FCDO, Netherlands MoFA, Global Affairs Canada, Google, and multi-donor projects.

Two knowledge products were developed on the topic of MSD4E with support from Mercy Corps.⁶⁵ These took the form of in-depth case studies focused on two strategies that led to employment outcomes in phase I – the work to support [financial advisory services from local accounting services providers](#) (ASPs) and the work to [improve the uptake of micro-grants by vulnerable groups](#). These cases have also been featured on external platforms including the [BEAM Exchange](#). The project also **shared experience from Georgia at the DCED Global Seminar** in Nairobi, from 1-3 October 2024. Giorgi Lekiasvili represented the project in the session: ‘Let’s talk business: how to mobilise commercial finance at scale’ alongside other panellists from NIRAS and Palladium representing projects in Africa. The project shared insights on how to mobilise commercial finance to scale impact, through a panel session and facilitated roundtable discussion.

Phase Analysis: the project communications strategy is typical for a market systems development project in that it requires profiling with specific audiences (international and local development community, especially MSD practitioners, and local potential partners) and less (if at all) amongst target beneficiaries and the wider population.

The project has been broadly successful in developing its profile with the international development community through featuring on sites such as the *BEAM Exchange*, preparing quality knowledge products, and engaging with practitioner forums such as the *DCED Global Seminar*. As the project became more established in the local market, the private sector was increasingly reached more effectively through referrals from existing partners and stakeholders, rather than through the website and social media (Facebook), though the latter is a good medium for sharing Georgian language information and news updates.

One challenge has been communicating the project modality and offer to potential partners, as they often hold assumptions that the project is a ‘donor’ that primarily provides funding, where in fact, value has been created mainly through mutual collaboration and technical assistance. Going forward the project will seek to capture experiences from the first phase (for example the DCED audit) and prepare short statements of the ‘areas of interest’ the project seeks to develop collaborations in during Phase II.

⁶⁵ Mercy Corps provided a consultant, Blerta Peta, for 15 days to develop the case studies. The RSMEDP covered local costs and facilitated her engagement with partners and beneficiaries.

5 LESSONS LEARNT

5.1 RECOMMENDATIONS BY SDC

SDC provided inputs to the project through two steering committee meetings (March 15 and September 13, 2024), management responses to the *Annual Operational and Financial Report 2023*, and *Intermediate Operational and Financial Report (2024 Semester 1)*, and through commissioning an external evaluation of the project, conducted by PMCG Consulting in July 2024, which reported in October 2024.

Steering Committee and management response recommendations:

The main issues related to the anticipated achievement of outcome and inclusion targets, the potential for systematic cooperation with *International Financial Institutions* (IFIs), and the utilisation of remaining funds by the end of the phase (December 2024). In summary:

- *Outcome targets for the phase, specifically the grants and loans targets:* despite significant contextual disruption in the phase (including COVID, the Ukraine crisis, and more recent political instability), the grants target has been achieved 634 against the target of 500 (127%) and the loans target achieved 594 against the target of 775 (77%).
- *Inclusion targets for the phase, specifically impact level targets for female rural beneficiaries and women and minority access to loans:* additional effort was made to achieve these targets – not least by supporting the micro-loan product. The phase results indicate this, with 244 women accessing loans (144 through the micro-loan product in late 2024) leading to a phase achievement of 244 against the target of 235 (104% achievement). 15 loans were taken up by ethnic minorities, all in 2024, leading to a phase achievement of 15 against a target of 40 (38%).
- *Target to reach small-holder farmers (SHFs):* the project conducted research into the impact of interventions to support agri-businesses on SHFs in their supply chains. The project looked into the effect on supply chains from enterprise supported in the dairy, almonds/ walnuts, and hazelnut sectors. The dairy sector services mostly oriented on HACCP and food hygiene practices, and the uptake of machinery by almonds/ walnuts enterprises did not lead to benefits to SHFs. However, assessments revealed that some 276 farmers increase income through supplying hazelnuts to exporting businesses the project supported to access working capital loans. The delay in the launch of the RDA *Plant the Future* project meant there was no further uptake of the grants by women applicant SHFs in the phase. In total the project achieved 311 small holder farmers from a target of 500 (62% achievement).
- *Cooperation opportunities with IFIs:* the project has engaged the *European Bank for Reconstruction and Development* (EBRD) and identified opportunities to collaborate with partner banks around the *Women in Business* credit line. The project also followed up with partner banks (TBC, BoG and ProCredit) and identified that while some banks will have ticket sizes that will likely be relevant mainly to larger businesses outside the target group (such as Tbilisi-based enterprises), there are opportunities to support banks in the areas of inclusion (such as women in business), growth, and green financing.⁶⁶
- *Utilisation of remaining funds:* the project monitored costs closely in the final quarter of the project which was while the operating environment was disrupted to ensure the projects and corresponding expenditure proceed as planned. The project had to troubleshoot to ensure full expenditure, with some activities amended and other activities introduced that were more technical feasible in the climate - preparatory studies such as Green Financing and the preparation of a project video could proceed for example, while some events planned had to be withdrawn. This was successful with Part 4 expenditure of CHF 797,389 in 2024, and CHF 1,808,668 for the phase, or 99.7% of the phase budget.
- *Monitoring the impact of the “Transparency Law” on partner NGOs and businesses:* the project implementing partners (Swisscontact and Mercy Corps) were not directly subject to the law, so the main disruption was caused to project partners. The project minimised collaboration with NGOs in the context of widespread non-compliance with the requirement of government to apply for registration in Q3 2024 (see section 5.2 below). The focus on delivering technical assistance through consulting companies and less focus on grants (necessarily at the end of the phase) meant that disruption was minimised.

⁶⁶ The project also engaged the European Investment Bank, which committed to arranging introductory meetings with Liberty Bank and Credo Bank, however this support did not materialise.

External Evaluation recommendations:

The external review was commissioned directly to SDC and conducted by local consulting company PMCG. Overall, the external evaluation found that the project performed to a 'high level in implementing support through the Georgian institutional and market framework using the MSD approach to contribute to SMEs' development.' The evaluator found evidence to a 'remarkable' or 'noticeable' extent against the DAC criteria of **Relevance, Coherence, Effectiveness, and Sustainability**, and noted that the 'RSMEDP has been achieving remarkable (estimated) **impacts**' and expects 'a very high degree of **Efficiency** at least in terms of the projected/ estimated impacts.'⁶⁷

The evaluation contained a range of recommendations for SDC to advise the project. These were discussed with SDC and the project provided inputs into the management response. In summary some notable recommendations and actions include:

- To **focus on a broader range of business services** in Phase II and upskill SMEs in areas beyond financial knowledge and skills. *Action: the project has planned this in Phase II ProDoc, particularly in diversifying the Growth Hubs service offer.*
- To **reach more SME clients (beyond regional towns)**, and target actions to be more aligned with the needs of local economies. *Action: Phase II will include a focus on developing new pathways to reach rural SMEs and SHFs, such as incentive-based contract farming with lead firms, in addition to deepening the reach of existing partners.*
- To **mainstream positive actions in relation to transversal themes** – tackling gender inequality and promoting environmental protection. *Action: the project has proposed to develop specific interventions focused on these issues in Phase II, also the collaboration with UNWOMEN will continue.*
- To **expand collaboration with commercial banks**. *Action: this has been challenging in Phase I, but the project intends to make a concerted effort to facilitate the update of ESG loans and has commenced work with Bank of Georgia.*
- To continue the current strategy of **close cooperation and partnership-building with Georgian national and local partners** through identifying needs and co-creating actions. *Action: the project intends to do this and reduce dependency on 'star' partners by cultivate a broader range of partnerships.*

5.2 PROGRAMMATIC CHALLENGES/ DIFFICULTIES ENCOUNTERED

In 2024 the following challenges were identified:

Challenge 1: The operating environment and uncertain future have distracted partners. There has been an unpredictable operating situation due to the introduction and passing of the transparency of foreign influence law and wider political disruption. The transparency law directly affects many of the *Non-Entrepreneurial, Non-Commercial Legal Entities* (NNLEs) with which the project has had 16 partnerships with since 2022. It also affects governmental partners which have been destabilised by the political disruption, in particular those working closely with western donors in a context where senior politicians are making strong anti-western statements.

Engagement with NNLE status partners gave a mixed picture of their next steps. It was identified that many will comply with the law, indicating that they did not feel threatened as activities financed by the project are not considered 'risky': 'we're doing good work, and they can come and ask whatever they want'. However, one NNLE will re-register as a consulting company – and another said they were not yet decided about their next steps and could 'wait out the process until the election'. The project did not engage governmental partners about their opinions.

More recently, the political instability has split the business community with many businesses organising to demand de-escalation of the political crisis and new elections due to the perceived backtracking by government on EU accession.⁶⁸ Engagement by government in late 2024, revealed differing opinions amongst business leaders towards government policies and a lack of consensus on next steps.⁶⁹ In the

⁶⁷ Gabriele Bonafede, Mariam Berianidze, and Nika Kapanadze. *Evaluation Report. External Real-time Evaluation of the Rural Small and Medium Enterprises Development Project*, Policy and Management Consulting Group (PMCG), October 2024.

⁶⁸ See the Free Business Group: <https://freebusiness.ge/>

⁶⁹ See Civil.ge [here](#).

reporting period, some partners conveyed that the political context was a source of stress and distraction, many of whom have been involved in the civilian protest movement.

Challenge 2: Many potential partners have not been able to present convincing models in relation to scale and sustainability. The project has previously noted the limited capacity of partners (especially business associations) to develop and implement complex ideas (Annual Report 2023), and this continues to be an issue. In the case of existing partnerships, association partners in particular can struggle to keep to timeframes, exhibit limited ability to adapt activities, and provide late or inaccurate information, leading to the quality of results being less than expected.

In the reporting period, there was increasingly a problem of poor-quality proposals from new potential partners, leading to a number of anticipated collaborations not going ahead. In the case of business associations, proposals received could not convince the project that they associations was institutionally committed to the sustainability of models proposed, rather indicating that they would implement a set of defined outputs. Some applicants have appeared 'desperate' for funds, mostly to cover core costs, an issue which may have been exacerbated the increasingly uncertain funding environment (see first challenge).

Challenge 3: Internal human resources are limited creating pressures in balancing communications and monitoring work with partner facilitation. In the first phase, aligned with the MSD approach, the project has experimented with many pilots using an adaptive, iterative approach. Successes have come when partners are engaged in a core-business proposition, though this has occurred through different pathways, with some partner taking more time than others to 'lean into' joint initiatives, and some partnerships having to be adapted or terminated altogether. Knowing when and why an activity is working (or not) comes from close and active engagement with partners from the project team.

The challenge is that while such partner engagement is vital, with limited human resources it can be a challenge to balance partner facilitation alongside monitoring, communications, staff development, and other activities. In the reporting period, the project has had to prioritise data collection which has required time from programme staff.⁷⁰ Also some communications activities could not be completed as envisaged, particularly some events – though this were also due other issues such as the political situation and the cancellation of certain activities for programmatic reasons.

5.3 LESSONS LEARNT & SOLUTIONS PROPOSED

The project has found solutions to many of the challenges above and continues to learn and adapt. Specific solutions to the challenges are provided below:

Challenge 1: The operating environment and uncertain future have distracted partners.

Lessons learnt: associations receiving grants from the project are directly affected by the change in law due to their NNLE status. However, most of the project's activities with associations are completed, and there are also other ways to support their activities without channelling funds through the partner. The NGO community has been galvanised by the recent events, and the project has engaged with other projects and is represented (through Swisscontact) in an informal INGO information group.

Solutions proposed:

- Identify alternative collaboration models and modalities with associations - for example the project is supporting the *Georgian Blueberry Growers Association* through providing in-direct technical assistance.
- Continue to learn from and contribute to discussions to understand the changing context with INGOs, SDC, other donors, and implementors, as well as engaging closely with partners.

Challenge 2: Many potential partners have not been able to present convincing models in relation to scale and sustainability.

Lesson learnt: RSMEDP has learnt in the first phase that often in practice business associations tend to seek to deliver directly rather than facilitate services and are often 'territorial' in often seeking to engage closed groups of existing contacts rather than 'reaching out' to serve sectors more widely. The project experienced high transaction costs in the facilitation work with some association partners which were often not viable for

⁷⁰ Data collection is conducted in-house due to the experience of a lack of adaptability amongst many local consulting firms. These tend towards large-scale 'evaluations' of the project rather than the nimble results assessments the project requires.

the project in terms of effort vs results.⁷¹ Hence the project changes its tactics, and proposed projects did not go ahead as envisaged in early 2024. The project also encouraged partners to be more involved in data collection and monitoring in the field.

Solutions proposed:

- The staff team's time is limited, and the intervention portfolio developed significantly as the phase progressed (see next point). Therefore, given the transaction costs in developing, facilitating, and monitoring an activity, the project had to select only the most highly promising/ scalable projects to go ahead, whereas previously the project may have piloted aspirational or marginal ones.
- The project will continue to encourage partners through sharing results and communication on positive results with partners – a good example is the work on accounting services with the professional Federations where the regional representatives of the Federations are engaged in communicating results to the sector.

Challenge 3: Internal human resources were limited in the project creating pressures in balancing communications and monitoring work with partner facilitation.

Lesson learnt: as the intervention portfolio has developed over the first phase the project has developed a stronger negotiating position due to experience gained in the phase, and also by necessity to be efficient in applying human resources (see above point). In addition, despite there being no dedicated communications resources, the project been able to harness institutional resources to support *knowledge and content management* (KCM) functions.

Solutions proposed:

- Continue to utilise institutional resources to support project communications activities. The project has accessed consulting support from Mercy Corps' *Market Systems Development for Employment* (MSD4E) technical unit to produce learning briefs for the project for example.
- Continue hiring enumerators to conduct nimble data collection tasks under the direct guidance the project rather than seeking through contracts with local consulting firms.
- Additional human resources to support MRM were proposed for Phase II.

Phase Analysis: The project also conducted a technical workshop in August 2024 in Tbilisi, facilitated by the MSD Advisor Andrew Seward, to reflect on the lessons learnt from the Phase experience. This directly informed the strategic directions for Phase II. A summary is provided below:

Strategic/ programmatic lessons:

- **Access to finance is not the only binding constraint for rural SMEs.** The Phase I experience shows us that business support services enabled RSMEs to grow without financing as better management and operational efficiency led to improved productivity on their own. In addition, SHFs face challenges in accessing traditional finance due to their unpredictable cash flows and higher perceived risks. Therefore, alternative models (both financial and skills-based) are needed to improve their productivity.
- **The project needs to continue focussing on better jobs, as well as more jobs.** MSMEs and farmers have a limited capacity to create jobs but are capable of improving jobs. "Decent work" (i.e., jobs that are safe, fairly compensated, and provide a level of security and stability) will help benefits accrue to marginalised groups
- **Behaviour Change is central to performance improvements.** Sustainable market systems improvements are driven by shifts in how actors think, make decisions, and interact within the market. This was addressed in the Theory of Change proposed for Phase II.

Market behaviours/ stakeholder lessons:

- **State actors are credible partners, but overreliance carries risks.** Changes in political leadership or policy priorities could undermine these partnerships, leaving the project vulnerable. Overreliance on a few key

⁷¹ This can be attributed in part to a number of reasons: the associations experience of adopting the role of 'implementor' of projects defined by donors rather than being solicited to co-create sustainable solutions, the prevalence of funding with many associations operating a portfolio of donor projects (though this is now in jeopardy), and general short-term thinking in the business environment in Georgia, in which contracts are acquired and consumed quickly without seeking to develop business relationships (which could lead to follow on contracts).

state actors also limits the project's flexibility in adapting to political or economic shifts. Political instability also affects talent retention within state institutions like EG.

- **Traditional Financial Institutions (FIs) are increasingly engaged but still face incentive challenges.** Many FIs continue to prefer lower-risk, higher-return lending opportunities and are hesitant to adjust their traditional risk models to accommodate RSMEs. The project is looking to leverage ESG-related credit lines that better align with RSME needs.
- **Associations in Georgia vary widely in capacity and incentives, often shaped by a distorted grant-seeking environment.** Field-based, sector-specific associations in regional areas have demonstrated a higher capacity to develop and sustain innovative business models. It is likely that other market actors (e.g. lead firms) have more aligned incentives with project objectives and will be explored further.

Operational lessons:

- **Technical assistance has proven to be more effective, efficient, and valued than the project's grants facility, allowing for a more adaptive and tailored approach to supporting rural SMEs.** The project reconsidered the balance of resources between TA and grants in Phase II with a preference for TA.
- **While some co-facilitators (e.g., consulting companies) are adaptable and outcome-focused, many are more output-focused and lack the capacity to deliver complex, strategic tasks.** The project's most complex facilitation work will be mostly kept in-house, while simpler tasks can be outsourced.
- **The intervention portfolio approach has been successful, but the project has become overly reliant on a few standout partners.** There is a need to better exploit synergies between interventions and reduce dependency on 'star' partners.

6 ANNEX

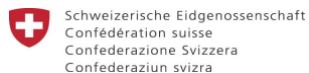
ANNEX 1: LIST OF ABBREVIATIONS

AAER	Adopt, Adapt, Expand, Respond
ABCO	Association of Business Consulting Organisations of Georgia
ACAG	Association of Communication Agencies of Georgia
ADG	Association Dairy Georgia
ALCP2	Alliances Lesser Caucasus Project 2
AP	Activity Package
ASP	Accounting Service Provider
AWPA	Almonds and Walnuts Producers Association
BAoG	Banking Association of Georgia
BDO	Binder Dijker Otte
BoG	Bank of Georgia
B2B	Business to Business
BSS	Business Support Services
BMO	Business Membership Organisation
BRIPA	Business Rehabilitation and Insolvency Practice Association
BSS	Business Support Services
CHF	Swiss Franc
CIG	City Institute Georgia
CEC	Central Election Commission
CIPE	Centre for International Private Enterprise
COs	Contracting Organisations
COO	Chief Operating Officer
COVID	Coronavirus Disease 2019
CPD	Continuous Professional Development
CS	Communication Strategy
CSO	Civil Society Organisations
DCED	Donor Committee for Enterprise Development
DEPA	Development Evaluation and Progress Assessment Consulting
DNH	Do-no-harm
EBRD	European Bank for Reconstruction and Development
EDA	Export Development Association
EG	Enterprise Georgia
EIB	European Investment Bank
EU	European Union
ENESA	Spanish State Entity for Agricultural Insurance
EEN	Enterprise Europe Network
ESG	Environmental, Social, and Governance
FAO	Food and Agriculture Organisation
FGD	Focus Group Discussion
FI	Financial Institution
FSFM	Frankfurt School of Finance and Management
FTE	Full-time Equivalent

GAG	Gastronomy Association of Georgia
GARA	Georgian Agritourism Regional Association
GBGA	Georgian Blueberry Growers Association
GCSG	Georgian Centre for Strategy and Development
GD	Georgian Dream
GDP	Gross Domestic Product
GEL	Georgian Lari
GESI	Gender Equality and Social Inclusion
GFAAFM	Georgian Federation of Auditors, Accountants and Financial Managers
GFPAA	Georgian Federation of Professional Accountants and Auditors
GFA	Georgian Farmers' Association
GH	Growth Hub
GHGA	Georgian Hazelnut Growers Association
GMF	German Marshall Fund
GMMF	Georgian Milk Mark Federation
GWA	Georgian Wine Association
GITA	Georgia's Innovation and Technology Agency
HACCP	Hazard Analysis Critical Control Point
HHSG	Horeca Hotel Stars Georgia
IBCF	Incentive-Based Contract Farming
IFRS	International Financial Reporting Standards
INGO	International Non-Governmental Organisation
ITMOs	Internationally Transferred Mitigation Outcomes
ISO	International Organisation for Standardisation
ICCA	Infrastructure Construction Companies Association
ICCs	Information and Consultation Centres
ILO	International Labour Organisation
IFIs	International Financial Institutions
IED ARI	Inclusive Economic Development Aggregated Reference Indicators
IED TRI	Inclusive Economic Development Thematic Reference Indicators
KCM	Knowledge and Content Management
KII	Key Informant Interview
KPA	Key Performance Areas
KPI	Key Performance Indicators
LNO	Letter of No Objection
LNOB	Leave no one behind
LO	Local Office
LTE	Long-term experts
ME	Micro-enterprise
MEPA	Ministry of Environmental Protection and Agriculture
MESD	Ministry of Economy and Sustainable Development
MOU	Memorandum of Understanding
MRM	Monitoring and Results Measurement
MRV	Measurement, Reporting and Verification
MSD	Market Systems Development
MSE	Micro, and Small Enterprise

MSME	Micro, Small and Medium Enterprise
MSD4E	Market Systems Development for Employment
NBG	National Bank of Georgia
NBP	Non-Banking Products
NFA	National Food Agency
NFS	Non-financial services
NGO	Non-Government Organisation
NNLE	Non-Entrepreneurial, Non-Commercial Legal Entities
NWA	National Wine Agency
OC	Outcome
OCSE	Office for Democratic Institutions and Human Rights
OECD	Organisation for Economic Co-operation and Development
PBC	Performance Based Condition
PIU	Project Implementation Unit
PtF	Plant the Future
PMCG	Policy and Management Consulting Group
POC	Point of Contact
RBET	Reach-Benefit-Empower-Transform
RDA	Rural Development Agency
RSMEDP	Rural Small and Medium Enterprises Development Project
SARAS	Service for Accounting, Reporting and Auditing Supervision
SC	Steering Committee
SCO	Swiss Cooperation Office
SDC	Swiss Agency for Development and Cooperation
SDD	Sex-disaggregated data
SESA	State Employment Support Agency
SIPPO	Swiss Import Promotion Programme
SME	Small and Medium-sized Enterprise
SMEDA	Small and Medium Enterprise Development Association
SQIL	Safety and Quality Investment in Livestock
SSA	Social Services Agency
STE	Short-term experts
SVGs	Socially Vulnerable Groups
TA	Technical Assistance
TOR	Terms of References
ToT	Training of Trainers
WBA	Women in Business Association
UK	United Kingdom
UNDP	United Nations Development Programme
UNM	United National Movement
UNWOMEN	United Nations Entity for Gender Equality and the Empowerment of Women
USAID	United States Agency for International Development
US	United States
YPO	Yearly Plan of Operations

ANNEX 2: FINANCIAL STATEMENT JAN-DEC 2024



Financial statement for Mandate Agreement for Project Implementation (MPI)

Ref. DMS: 7F-09463.01.02, Contract: 81070976
Ref. of Mandate Rural SME Development Project Main Phase

Name/Company: **Swisscontact Ref: 2687002** Date: 28/01/2025 Intended duration of mandate: from: 01/01/2024 to: 31/12/2024

Code	Function/ Designation	in CHF							Balance phase per actual date	Balance phase per actual date in %
		Budget Phase	Costs period 01.10.2021-31.12.2023	Budget actual period 01.01.24 - 31.12.24	Costs actual period 01.01.24 - 31.12.24	Balance actual period	Cost phase per actual date	Balance phase per actual date		
PART 1: Services Headquarters [HQ] [short-term]										
1.1	Fees HQ staff of Contractor (SAP-Number: 363 200 2100)	20,600	15,800	4,800	3,900	900	19,700	900	4%	
1.2	Reimbursable costs HQ staff (SAP-Number: 363 200 2110)	1,400	2,229	-	-	-	2,229	-829	-59%	
TOTAL Part 1		22,000	18,029	4,800	3,900	900	21,929	71	0%	
PART 2: Local Office [LO] of Contractor										
2.1	Fees local office staff of contractor (SAP-Number: 363 200 2100)	129,800	93,080	37,000	37,000	-	130,080	-280	0%	
2.2	Reimbursable costs (SAP-Number: 363 200 2110)	8,700	8,110	3,650	1,393	2,257	9,503	-803	-9%	
TOTAL Part 2		138,500	101,190	40,650	38,393	2,257	139,583	-1,083	-1%	
PART 3a: Long-term experts										
3.1	Fees Professionals (expat and national) (SAP-Number: 363 200 2200)	1,242,150	859,950	382,200	376,887	5,313	1,236,837	5,313	0%	
3.2	Travel expenses of resident expatriates and dependants (SAP-Number: 363 200 2200)	10,500	2,324	6,900	3,600	3,300	5,924	4,576	44%	
3.3	Expenses of foreign residence (SAP-Number: 363 200 2200)	108,550	64,409	33,400	31,690	1,710	96,099	12,451	11%	
TOTAL Part 3a		1,361,200	926,684	422,500	412,177	10,323	1,338,860	22,340	2%	
PART 3b: Short-term experts (Consultants)										
3.4	Fees international and national short-term experts (SAP-Number: 363 200 2200)	118,000	103,841	24,000	14,148	9,852	117,990	10	0%	
3.5	Reimbursable costs (SAP-Number: 363 200 2200)	16,200	9,426	3,900	2,867	1,033	12,293	3,907	24%	
TOTAL Part 3b		134,200	113,267	27,900	17,015	10,885	130,282	3,918	3%	
PART 3c: Local support										
3.6	Remuneration of national support staff (SAP-Number: 363 200 2200)	179,700	117,634	55,200	57,031	-1,831	174,665	5,035	3%	
3.7	Reimbursable costs (SAP-Number: 363 200 2200)	19,000	20,126	4,300	4,435	-135	24,561	-5,561	-29%	
3.8	Total Purchase of equipment for PIU (SAP-Number: 363 200 2300)	44,550	42,779	-	330	-330	43,109	1,441	3%	
3.9	Total operating costs PIU (SAP-Number: 363 200 2400)	125,150	94,736	38,200	37,521	679	132,257	-7,107	-6%	
TOTAL Part 3c		368,400	275,276	97,700	99,315	-1,615	374,592	-6,192	-2%	
PART 4 Administrated Project funds										
1.1	Enhanced Access of rural SMEs to bank and state finance (SAP-Number: 363 200 2500)	515,000	388,815	150,000	174,973	-24,973	563,787	-48,787	-9%	
1.2	Enhanced financial literacy and management capacities of rural (SAP-Number: 363 200 2500)	385,000	207,125	120,000	128,837	-8,837	335,963	49,037	13%	
2.1	Capacities of national agencies, business associations and cons.(SAP-Number: 363 200 2500)	350,000	188,533	100,000	99,300	700	287,833	62,167	18%	
2.2	Communication mechanisms are in place among market players (SAP-Number: 363 200 2500)	395,000	107,900	105,000	316,187	-211,187	424,087	-29,087	-7%	
MRM - Data collection, field studies		100,000	85,351	30,000	62,378	-32,378	147,729	-47,729	-48%	
Communications - Stakeholder communications		70,000	33,554	20,000	15,715	4,285	49,269	20,731	30%	
TOTAL Part 4		1,815,000	1,011,279	525,000	797,389	-272,389	1,808,668	6,332	0%	
GRAND TOTAL		0	3,839,300	2,445,725	1,118,550	1,368,189	-249,639	3,813,914	25,386	1%

Cash Flow

Balance of funds in favour of SDC per	01/01/2024	454,274.72	Date:	28/01/2025	Signature:	
payments received:						
Date:	10/06/2024	550,000.00				
Date:		0.00	Amount:			
Total funds		1,004,274.72				
Expenditures for this period:	01.01.2024-31.12.2024	1,368,189.10				
Total expenditures		1,368,189.10				
Balance of funds in favour of Swisscontact	31/12/2024	-363,914.38				

Erika Altorfer
Head of Corporate Project Accounting

swisscontact
Swiss Foundation for Technical Cooperation
Hardturmstrasse 134
8005 Zurich
Switzerland

ANNEX 3: LOGFRAME WITH RESULTS FOR REPORTING PERIOD

	Indicators	2024 Achievement	Total Phase Achievement	Remarks
Impact	<p>1. # of rural women and men who realise a tangible benefit that contributes to the reduction of poverty and inequalities. (Baseline 0; Target 12,600)</p> <p>a. Females in LNOB target group (T: 884)</p> <p>b. Females in non-LNOB target group (T: 5,668)</p> <p>c. Males in LNOB target group (T: 816)</p> <p>d. Males in non-LNOB target group (T: 5,232)</p> <p>e. Proportion of women with a positive perception on their influence on business and economic-related decision-making (Baseline 0; Target: 2,500) IED TRI 5</p>	<p>1: 13,212 rural women and men realise a tangible benefit.</p> <p>1a. 471 Females in LNOB target group</p> <p>1.b 4,039 Females in non-LNOB target group</p> <p>1c. 618 Males in LNOB target group</p> <p>1.d Males in non-LNOB target group 8,084</p>	<p>1: 14,392 rural women and men realise a tangible benefit.</p> <p>(114% of targeted 12,600)⁷²</p> <p>1a. 1108 Females in LNOB target group (129% of target 884)</p> <p>1b. Females in non-LNOB target group 4,039 (71% of target 5,668)</p> <p>1c. 1161 Males in LNOB target group (142% of target 816)</p> <p>1.d 8,084 Males in non-LNOB target group (155% of target 5232)</p> <p>1.e Proportion of women with a positive perception on their influence on business and economic-related decision-making 1,833 (73% of target 2500)⁷³</p>	<p>The impact data come from all the project interventions. One of the interventions (related the Growth Hubs) is calculated based on estimations based on other data sets it was not possible to validate the data.</p> <p>Baseline study for perceptions of women on their participation in decision making processes revealed that 42% have a positive perception. The impact assessment on changes in perceptions of women was conducted at the end of the phase and showed 31% increase in women positive perceptions on business and economic-related decision making.⁷⁹</p>
	<p>2. # of people having new or better employment (Baseline 0; Target 3600 people). IED ARI 2</p> <p>a. Females in LNOB target group (T: 255)</p> <p>b. Females in non-LNOB target group (T: 1,617)</p> <p>c. Males in LNOB target group (T: 235)</p> <p>d. Males in non-LNOB target group (T: 1,493)</p>	<p>2: 3,683 people have new or better employment.</p> <p>2a. 29 females in LNOB target group</p> <p>2b. 1,216 females in non- LNOB target group</p> <p>2c. 60 males in LNOB target group</p> <p>2d. 2,378 males in non LNOB target group</p>	<p>2: 4,020 people have new or better employment.</p> <p>(112% of targeted 3,600)⁷⁴</p> <p>2a. 211 females in LNOB target group (83% of target 255)</p> <p>2b. 1,216 females in non LNOB target group (75% of target 1617)</p> <p>2c. 215 males in LNOB target group (92% of target 235)</p> <p>2d. 2,378 males in non LNOB target group (159% of target 1493)</p>	

⁷² The activities covered are: extending financial advisory services (AP 1.2.1); sector-specific access to finance and financial advisory services (AP 1.1.2); improved targeting of the EG micro-grants programme (AP 1.1.1); development of the graduation initiative (AP 1.1.3); female inclusion in *Plant the Future* (AP 1.1.1); and Enterprise Georgia Growth Hubs technical assistance (AP 2.2.1). The calculation of the tangible benefit is done based on estimation of average family size of 3.4 ([GEOSTAT](#) and 2020 figure [arcGIS](#)) where benefit includes people having new employment and improved employment as well as SMEs and small-holder farmers and their families.

⁷³ The data is based on the comparison of perception surveys before and after the implementation of project interventions.

⁷⁴ The employment comes from: extending financial advisory services (AP 1.2.1); sector-specific access to finance and financial advisory services (AP 1.1.2); improved targeting of the EG micro-grants programme (AP 1.1.1); development of the graduation initiative (AP 1.1.3); female inclusion in *Plant the Future* (AP 1.1.1); and Enterprise Georgia Growth Hubs technical assistance (AP 2.2.1). The calculation combining the number of individuals with new and improved jobs (monetary and non-monetary improvements) as well as number of SME owners and SHF benefitting

⁷⁹ A baseline and endline assessment on perceptions of women were conducted under the project. The Baseline was conducted in 2022, when the project was actively starting new interventions, and covered beneficiaries and a control group mainly focusing on micro-enterprises from vulnerable groups that the project was engaging through the intervention with Enterprise Georgia. The Endline assessment covered beneficiaries from a wider range of interventions. The project therefore extracted results from final assessment that were comparable with the same sectors in order to be consistent when attributing results. The difference between baseline figures and endline figures was then generalised to the whole number of women benefiting from the project.

	Indicators	2024 Achievement	Total Phase Achievement	Remarks
	<p>3. # of smallholder farmers with increased incomes from agricultural production (Baseline 0; Target 500 farmers) AFS ARI 1</p> <p>a. Females in LNOB target group (T: 130)</p> <p>b. Females in non-LNOB target group (T: 130)</p> <p>c. Males in LNOB target group (T: 120)</p> <p>d. Males in non-LNOB target group (T:120)</p> <p>4. Net Additional Income Increase of individuals due to wage/self-employment IED TRI 1</p> <ul style="list-style-type: none"> Income increase of 420 individuals with new jobs (175 FTE) (Baseline 0; Target CHF 420,000) Income increase of 500 individuals with existing jobs that receive better pay/benefits (Baseline 0; Target CHF 500,000) <p>5. # of SMEs benefitting with additional income, reduced costs, and/or improved resilience (Baseline 0; Target 1,500 SMEs)</p> <ul style="list-style-type: none"> # of female owned/ led SMEs benefitting (450 SMEs) # of ethnic minority owned/ led SMEs benefitting (75 SMEs) <p>6. Net Additional Income Increase of SMEs (Baseline 0; Target CHF 5.5 Mio) IED TRI 1)</p>	<p>3. 311 smallholder farmers</p> <p>3a. 0 Females in LNOB target group</p> <p>3b. 63 Females in non-LNOB target group</p> <p>3c. 0 Males in LNOB target group</p> <p>3d. 248 Males in non-LNOB target group</p> <p>4. Income increase of CHF 432,936 for 468 individuals with new jobs equivalent to 200 FTE</p> <p>Income increase of CHF 107,573 from 2000 individuals with existing jobs that receive better pay/benefits</p> <p>5. 1334 SMEs benefitting with additional income, reduced costs, and/or improved resilience</p> <p>5a 442 female owned/ led SMEs benefitting</p> <p>5b 52 ethnic minority owned/ led SMEs benefitting</p> <p>6. CHF 6,249,021 of Net Additional Income Increase of SMEs including net additional income for farmers of CHF 233,047</p>	<p>3. 311 smallholder farmers (62% of target)⁷⁵</p> <p>3a. 0 Females in LNOB target group (0% of target)</p> <p>3b. 63 Females in non-LNOB target group (48% of target)</p> <p>3c. 0 Males in LNOB target group (0% of target)</p> <p>3d. 248 Males in non-LNOB target group (207% of target)</p> <p>4. Income increase of CHF 595,949 (142% of target CHF 420,000) for 681 individuals with new jobs (162% of target 420) equivalent to 286 FTE (163% of target 175 FTE). Income increase of CHF 155,201 (31% of target CHF 500,000) from 208⁷⁶ individuals with existing jobs that receive better pay and 1916⁷⁷ other benefits totalling in 2124 (425% of target 500 individuals)</p> <p>5. 1428 SMEs benefitting with additional income, reduced costs, and/or improved resilience (95% of target 1,500)</p> <p>5a 484 female owned/ led SMEs benefitting (108% of target 450 SMEs)</p> <p>5b 64 ethnic minority owned/ led SMEs benefitting (85% of target 75 SMEs)</p> <p>6. CHF 7,106,077 of Net Additional Income Increase of SMEs-including farmers (129% of target CHF 5.5 Mio) of which CHF 233,047 additional</p>	

⁷⁵ This derives from the activity packages: female inclusion in *Plant the Future* (AP 1.1.1) and extending financial advisory services (AP 1.2.1). The hazelnut sector represents the bulk of the SHF results (from the second activity package). As primary data on the representation of female farmers and female workers in hazelnut sector was not available, the project drew from secondary sources which indicate 18%. However, the project estimates conservatively that female SHF proportion is only 10%, and as the area is not represented by ethnic minorities thus the assumption is 0% for ethnic minority (KLNOB) groups. Source [World bank](#)

⁷⁶ This number represents individuals with existing jobs, that got salary increase

⁷⁷ This number represents individuals with existing jobs, that got non-monetary benefits

	Indicators	2024 Achievement	Total Phase Achievement	Remarks
	<i>Of which additional income that goes to farmers (Baseline 0; Target CHF 500,000)</i>		income that goes to farmers (Baseline 0; Target 500,000) ⁷⁸	
Outcome 1: Rural SMEs sustainably grow through better access to finance.	<ol style="list-style-type: none"> # of SMEs taking up BSS services (Baseline 0; Target 1800). # of SMEs taking up for loans and grants (Baseline 0; Target loans 775; grants 500) <ul style="list-style-type: none"> # of female owned/ led SMEs taking up loans (Baseline 0; Target 235) # of ethnic minority owned/ led SMEs taking up loans (Baseline 0; Target 40) # of female owned/ led SMEs taking up grants (Baseline 0; Target 150) # of ethnic minority owned/ led SMEs taking up grants (Baseline 0; Target 25) 	<ol style="list-style-type: none"> 1,830 SMEs taking up BSS services⁸⁰ 796 SMEs taking up loans and grants⁸¹ <ul style="list-style-type: none"> 199 female owned/ led SMEs taking up loans 15 ethnic minority owned/ led SMEs taking up loans 143 of female owned/ led SMEs taking up grants 0 of ethnic minority owned/ led SMEs taking up grants. 	<ol style="list-style-type: none"> 3,598 SMEs taking up BSS services (200% of total target) 1,228 SMEs taking up loans and grants (96% of total project target for loans and grants, 77% for loans and 127% for grants) <ul style="list-style-type: none"> 245 female owned/ led SMEs taking up loans 15 ethnic minority owned/ led SMEs taking up loans 264 of female owned/ led SMEs taking up grants 60 of ethnic minority owned/ led SMEs taking up grants. 	<ol style="list-style-type: none"> 200% of total phase target achieved. 96% of total phase target for grants and loans. Ethnic minority grants higher due to specific targeted interventions.
Outcome 2: Market players have improved capacities to respond to the needs of rural SMEs for access to finance.	<ol style="list-style-type: none"> # of agencies providing sustainable, including fee-based, services to rural SMEs. (Baseline 0; Target: 10). Total <i>additional</i> volume of loan/leasing/ grants approved for the target group (Baseline 0; Target CHF 5,7 Mio) 	<ol style="list-style-type: none"> 7 agencies providing fee-based, services to rural SMEs.⁸² CHF 8,066,630 total additional volume of loan/leasing/ grants approved for the target group⁸³ 	<ol style="list-style-type: none"> 10 agencies providing fee-based, services to rural SMEs. CHF 11,581,476 total <i>additional</i> volume of loan/leasing/ grants approved for the target group 	<ol style="list-style-type: none"> 100% of total phase target services will be introduced 203% of total phase target volume of loan/leasing/ grants.

⁷⁸ Farmers income is generated from Female inclusion in Plant the Future (AP 1.1.1) and extending financial advisory services (AP 1.2.1) under *FinService Audit*.

⁸⁰ The activities covered are: extending financial advisory services *FinService Audit* (AP 1.2.1); sector-specific access to finance and financial advisory services (AP 1.1.2); development of the graduation initiative (AP 1.1.3); and Enterprise Georgia Growth Hubs technical assistance (AP 2.2.1).

⁸¹ The numbers are based on the partner data validated through the impact assessment reports deriving from the following activities: Extending financial advisory services (AP 1.2.1); Sector-specific access to finance and financial advisory services (AP 1.1.2); Development of the graduation initiative (AP 1.1.3); and Enterprise Georgia Growth Hubs technical assistance (AP 2.2.1).

⁸² The agencies under this indicator in 2024 are (1) EG growth hubs (2) *Georgian Farmers Association* (GFA), (3-4) GFPAA and GFAAFM that offer services through online platforms, (5) *FinService Audit*, (6-7) GARA and GMMF that have accounting and other service provision advertisement on their web pages.

⁸³ The volume is calculated based on assessments of the following interventions with the respective loans/ grants volumes attributable calculation: Extending financial advisory services (including *FinService Audit* (AP 1.2.1); Sector-specific access to finance and financial advisory services (AP 1.1.2); development of the graduation initiative (AP 1.1.3); and female inclusion in *Plant the Future* (AP 1.1.1), Loan and grant under RDA intervention (AP1.1.1), grants obtained through the targeting intervention (AP2.2.3) and Enterprise Georgia Growth Hubs technical assistance including the 2024 activity to facilitate uptake of the micro loan (AP 2.2.1).

	Indicators	2024 Achievement	Total Phase Achievement	Remarks
1.1 Enhanced awareness and access of rural SMEs to appropriate finance and BSS	<ol style="list-style-type: none"> # of banks/FI adapt standards and documentation targeted for rural SMEs (Baseline 0; Target 5) # of SMEs are aware of improved products and services (Baseline 0; Target 3,200) - # of female-owned/led SMEs aware of improved products and services (Baseline 0; Target: 455). 	<ol style="list-style-type: none"> 2 FI adapt standards and documentation targeted for rural SMEs⁸⁴ 3,068 SMEs are aware of improved products and services⁸⁵ - 1,773 female-owned/led SMEs are aware of improved products and services 	<ol style="list-style-type: none"> 3 FI adapt standards and documentation targeted for rural SMEs. 6,587 SMEs are aware of improved products and services. - 3,574 female-owned/led SMEs are aware of improved products and services 	<ol style="list-style-type: none"> 60 % of total phase target 206 % of total phase target - comprises 785% of total phase
1.2 Enhanced financial literacy and management capacities of rural SMEs	<ol style="list-style-type: none"> # of SMEs and individuals having access to and making use of formal financial products and services (Baseline0; Target 1,800) # of female owned SMEs with improved financial practices (500SMEs) # of minority owned SMEs with improved financial practices (75) # of practices introduced by SMEs due to enhanced financial literacy and management capacities (Baseline 0; Target 5) 	<ol style="list-style-type: none"> 1410 of SMEs and individuals having access to and making use of formal financial products and services⁸⁶ <ul style="list-style-type: none"> 494 of female owned SMEs with improved financial practices 41 of minority owned SMEs with improved financial practices 0 practices introduced by SMEs due to enhanced financial literacy and management capacities ⁸⁷ 	<ol style="list-style-type: none"> 2,133 of SMEs and individuals having access to and making use of formal financial products and services <ul style="list-style-type: none"> 733 of female owned SMEs with improved financial practices 43 of minority owned SMEs with improved financial practices 7 practices introduced by SMEs due to enhanced financial literacy and management capacities.⁸⁸ 	<ol style="list-style-type: none"> 119% of total phase target <ul style="list-style-type: none"> 175% of total phase target 90% of total phase target 140% of total phase target
2.1 Capacities of national agencies, business associations, consultancies and other sector players increased	<ol style="list-style-type: none"> # of BSS providers offer new/improved services and products and/or specific in-house competences improved in target institutions (Baseline 0; Target 10) 	<ol style="list-style-type: none"> 3 of BSS providers offer new/improved services and products and/or specific in-house 	<ol style="list-style-type: none"> 17 of BSS providers offer new/improved services and products and/or specific in-house 	<ol style="list-style-type: none"> 170% of total phase target. These include services offered by providers through pilots – not all were considered sustainable.

⁸⁴ These are TBC Leasing, which offered a discount and preferential terms to Almonds and Walnuts Producers Association members (see AP 1.1.1.); and Bank of Georgia which made changes to their standard processes, in orienting service providers on their internal documentation as part of the effort to promote non-financial services (NFS) to rural SMEs (AP 1.1.1.).

⁸⁵ The activities covered are: Sector-specific access to finance and financial advisory services (AP 1.1.2); Development of the graduation initiative (AP 1.1.3) and Extending financial advisory services including *FinService Audit* (AP 1.2.1) and Enterprise Georgia Growth Hubs technical assistance and micro loan generation intervention (AP 2.2.1).

⁸⁶ The indicator comprises of Extending financial advisory services *FinService Audit* (AP 1.2.1); Sector-specific access to finance and financial advisory services (AP 1.1.2); Development of the graduation initiative (AP 1.1.3) and Enterprise Georgia Growth Hubs technical assistance and micro loan generation intervention (AP 2.2.1).

⁸⁷ No new practices were identified in 2024, just those repeating ones, but the same kind of under different partners.

⁸⁸ The indicator comprises of practices introduced by SMEs due to the ASP financial advisory provision to SMEs-Budgeting and Financial Planning, Cost analysis and control, Financial reporting and analysis, pricing strategies and risk management; graduation support of EG SME beneficiaries- Cost analysis and control, Financial reporting, and analysis, budgeting and financial planning Pricing strategies, Employee financial education, as well as sector -specific access to finance and financial advisory- budgeting and financial planning, financial reporting and analysis, Tax compliance. Also Unintended result from GFA unsubsidised SMEs (results from subsidised SMEs were generalized to the population, as the group is considered homogenous).

	Indicators	2024 Achievement	Total Phase Achievement	Remarks
and aligned with rural SME needs and demand	2. # of new/improved support services from BSS providers offered to rural SMEs (Baseline 0; Target 15)	competences improved in target institutions ⁸⁹	competences improved in target institutions. ⁹²	2. 140% of total phase target
	3. # of BSS providers, whose services are perceived by rural SMEs as more relevant and of higher quality (Baseline: 0. Target: 10)	2. 6 new/improved support services from BSS providers offered to rural SMEs ⁹⁰	2. 21 new/improved support services from BSS providers offered to rural SMEs. ⁹³	3. 90 % of total phase target
		3. 6 of BSS providers, whose services are perceived by rural SMEs as more relevant and of higher quality ⁹¹	3. 10 of BSS providers, whose services are perceived by rural SMEs as more relevant and of higher quality ⁹⁴	

⁸⁹ This indicator considers the following BSS providers: (1) *FinService Audit* providing grant and financial application preparation services to SMEs (*FinService Audit*); (2) AWPA which is offering leasing of mechanisation equipment for its member SMEs through collaborations with leasing companies (AWPA); (3) Diagnostic centres that were established by the project in EG non growth hub areas (Growth Hub Network) to support enterprises in receiving EG GH services and access finance.

⁹⁰ Among the services that are considered under this indicator in 2024: (1) The financial advisory service to support improved management capacities of rural SMEs provided by rural-based ASPs (2-3); AWPA preferential leasing preparation service and offering special prices/discounted conditions on procurement of harvesting machinery for members; (4-5) grant/loan application support and PR /Marketing offered by GARA and (6) diagnostic service to access micro loans offered by GH.

⁹¹ The services that are perceived as more relevant and of higher quality are: (1) Financial advisory services delivered by *FinService Audit*; (2) GARA grant application filling support; (3) SMEDA grant application filling support, (4) GFA grant application filling support, (5) TEA grant application support; (6) leasing and preferential prices services for AWPA's members.

⁹² This indicator considers the following BSS providers: (1)EG providing new processes for LNOB group targeting in the micro-grants programme and the provision of the 'graduation' to micro-enterprises previously awarded grants under the micro-grants competition service in order to support their sustainability and expansion through preparation of these micro entrepreneurs to graduate them to commercial finance/obtaining loans;; (2)CSOs providing grant preparation support to linguistic minorities (mobilisation and interview preparation); (3)dairy association Georgia and (4)SAVYY area providing offer services to dairy suppliers; (5)ICCA- BSS providers are those from Construction Material Mentors whose capacity was built to provide services to SMEs; (6-10) SMEDA,GFA, TEA, GARA and GMMF offering consultation and loan application services; (11)GWA offering diagnostic service through the hub; (12)Rural Development Agency offering targeted support services to female and minority applicants; (13) HORECA offering HSU standardisation and (14) the regional consultants offering HACCP adoption (15) *FinService Audit* providing grant and financial application preparation services to SMEs (*FinService Audit*); (16) AWPA which is offering leasing of mechanisation equipment for its member SMEs through collaborations with leasing companies (AWPA); (17) Diagnostic centres that were established by the project in EG non growth hub areas (Growth Hub Network) to support enterprises in receiving EG GH services and access finance;

⁹³ Among the services that are considered under this indicator in 2024: (1) the targeting/ communication service for minorities (by EG and CSOs);(2) and the loan preparation service to micro entrepreneurs to graduate them to commercial finance (by EG and partner ASPs); (3)and the financial advisory service to support improved management capacities in rural SMEs extended by rural-based ASPs, as well as (4) SAVYY that provides financial services to rural SME dairy suppliers/farmers and (5) Hotrec Hotel star Union delivery service; (6) Counselling support provided to potential women applicants by ICCs (RDA); (7) Diagnostic assessment offered to SMEs under GWA; (8) ICCA mentoring service; (9-10) Consultation and loan application services (SMEDA), (11-12) GMMF (excluding ASP), (13-14) GARA (PR+grant/ loan application), (15) GFA (1.5); (16) counselling and soil analysis (RDA) (17) The financial advisory service to support improved management capacities of rural SMEs provided by rural-based ASPs (2-3); (18) AWPA preferential leasing preparation service and offering special prices/discounted conditions on procurement of harvesting machinery for members; (19-20) grant/loan application support and PR /Marketing offered by GARA and (21) diagnostic service to access micro loans offered by GH.

⁹⁴The services that are perceived as more relevant and of higher quality are: (1) Financial advisory services delivered by *FinService Audit*; (2) GARA grant application filling support; (3) SMEDA grant application support, (4) GFA grant application filling support, (5) TEA grant application support; (6) leasing and preferential prices services for AWPA's members. (7) Financial advisory services delivered by ASPs under the professional federations; (8) Graduation services-MSE survey; (9) SESA under targeting; (10) ICCs under RDA

	Indicators	2024 Achievement	Total Phase Achievement	Remarks
2.2 Communication mechanisms are in place among market players to better understand and lobby for rural SME needs	1. # of SMEs participating in the dialogue forums established by sector-based advocates or organisations and linked to BSS providers (Baseline 0; Target 300)	1. 155 SMEs participating in the dialogue forums established by sector-based advocates or organisations and linked to BSS providers ⁹⁵	1. 287 SMEs participating in the dialogue forums established by sector-based advocates or organisations and linked to BSS providers.	1. 87 % of total phase target
	2. # of customers using services of the web-based information platform per month established to generate information and knowledge (Baseline 0; Target 500)	2. 443 customers using services of the web-based information platform per month established to generate information and knowledge ⁹⁶	2. 443 customers using services of the web-based information platform per month established to generate information and knowledge	2. 89% of total phase target
	3. # of SMEs participating in coordination events for networking and sharing information (Baseline 0; Target 350)	3. 280 SMEs participating in coordination events for networking and sharing information ⁹⁷	3. 1,664 SMEs participating in coordination events for networking and sharing information	3. 395 % of total phase target

⁹⁵ The dialogue forums cover dialogue forum under Extending financial advisory services (AP 1.2.1) and dialogue ensuring activities under Sector-specific access to finance and financial advisory services (AP 1.1.2)

⁹⁶ The project was not able to access data from *Enterprise Georgia* on the number of users of the Growth Hub online platform in the reporting period, thus the project relied only on the number of views of informational videos that were developed by the project and placed on the Growth Hub platform for customers to access.

⁹⁷ In the last reporting period, the networking and coordination events were held in frame of extending financial advisory services (AP 1.2.1) and dialogue ensuring activities under Sector-specific access to finance and financial advisory services (AP 1.1.2).

ANNEX 4: SYSTEMIC CHANGES AAER AGGREGATED PHASE I: OCT 2021 – DEC 2024

ADAPT	RESPOND
<p>Adapt 1: integration of financial advisory and insolvency inputs into GFPAA regional representative training seminar. ASPs have incorporated technical inputs from financial advisory training received under the project into their own training initiatives (AP 1.2.1). Some 43 ASPs were trained through additional trainings provided by trainers outside the project. This can also be seen as an ‘expansion’ of the training.</p> <p>Adapt 2: Adaptation of a model piloted on how to better serve minority groups by Enterprise Georgia. EG strengthened the requirements towards serving ethnic and linguistic minorities in the Terms of Reference (TOR) for their contracting organisations under the micro and small business support programme (MSBSP). The TOR requires contracting organisations to offer and provide language appropriate business planning training to potential applicants of the MSBSP, this is an adaptation of the recommendations of the action research the project collaborated with EG on in 2022.</p> <p>Adapt 3: Adaptation of a support service for enabling micro-enterprises to access finance. Enterprise Georgia has incorporated the ‘graduation’ service, tailored to the needs of micro-enterprises (based on a pilot experience serving former micro-grants winners), through their ‘growth hub’ regional consulting centres. This followed the lifting of the <i>performance-based condition</i> (PBC) by the World Bank on the government of Georgia under the MSME recovery loan due to the experience of piloting successfully the graduation service in 2023. The service is adapted to the needs of MEs and also integrated into the contracting modality of the growth hubs with roster companies now able to deploy the service through co-financing from Enterprise Georgia.</p> <p>Adapt 4: Georgian Farmers’ Association provides referrals for accounting services providers to provide grant application support to the association network. The Association has referred over 50 rural SMEs to the 8 accounting services providers that received capacity building through the project. This has led to rural SMEs receiving improved business services without co-financing support from the project and having increased access to the additional finances.</p> <p>Adapt 5: The service provider FinService Audit opened the office in Tsalenjikha, providing financial advisory and finance application services to local SMEs. The regional consulting firm invested in equipping and staffing the office and conducting outreach to local SMEs, offering them grant and loan application services.</p>	<p>Respond 1. Non-competing actors are changing operational approaches. Consulting companies such as Loialte and Prestige Audit are bringing clients to the GH instead of delivering service directly.</p>
<p>ADOPT</p> <p>Adopt 1: Adoption of communications and targeting approaches to EG Micro and Small Business Support Program. Early signs of adopting the introduced services by planning a targeted media campaign and bespoke support service provision to linguistic minorities and participants. EG have provided written confirmation⁴⁹ that they will integrate the recommendations of the action research assignments completed in 2022 (AP 1.1.1).</p> <p>Adopt 2: Integration of diagnostic assessment into EG Regional Consulting Centres (Growth Hubs). The diagnostic assessments for matching supply and demand being co-created between the project and the EG growth hubs team for direct integration into the pilot areas (AP 2.1.1).</p> <p>Adopt 3: Adoption of a new model by Enterprise Georgia for sharing data and facilitating collaboration with the State Employment Services Agency (SESA) to support socially vulnerable groups (SVGs) access the micro-grants programme. This was formalised under an MoU signed between the two agencies and the Social Security Agency (SSA). EG subsequently shared data on SVG applicants with the agencies and supported the SESA to provide application support services to over 400 SVG potential applicants.</p> <p>Adopt 4: Accounting Service Providers (ASPs) under one of the Professional Federations (GFPAA) as well as the graduation service have adopted the materials into their services offer. The toolkit was developed and shared with ASPs under the collaboration with the GFPAA as well as used by the EG graduation intervention and is being widely used by ASPs serving rural SMEs. This has improved the quality of ASP services.</p> <p>Adopt 5: The Georgian Agritourism Regional Association (GARA) and the Georgian Milk Mark Federation (GMMF) have integrated the services introduced under the RSMEDP initiative into their activities. Both associations have incorporated these services into their websites: GARA has listed ASP and marketing services along with details about the service providers, while GMMF has published descriptions of advocacy, health and safety, accounting, marketing, food safety, and environmental protection services.</p> <p>Adopt 6: Georgian Federation of Professional Accountants and Auditors (GFPAA) and Georgian Federation of Auditors, Accountants and Financial managers (GFAAFM) institutionalized training materials of financial advisory services. Training content had converted into video lectures and uploaded on websites of both federations making it available for wider audience of ASPs. These materials along with training content includes ready to use excel toolkits enabling ASPs to download and use it for provision of financial advisory services to SMEs.</p>	<p>EXPAND</p> <p>N/A</p>

ANNEX 5. WORKPLAN MILESTONES COMPLETED IN THE REPORTING PERIOD

Milestone and date	Status	Remarks
M1: Networking events in minority areas with EG (April 24)	Completed	EG Coordination and networking events with linguistic minorities did not go ahead with EG as the micro-grants programme was not administered by the Agency yet in 2024. Nevertheless, minorities were engaged through other activities – notably by FAAFM (AP 1.1.3) and by Prestige Audit (AP 1.1.1.)
M2: Lessons learned workshop in rural area with GFA (June 24)	Dropped	This milestone was dropped as the project did not extend cooperation with the GFA in 2024.
M3: Reflection workshop for tea stakeholders with Tea Association (March 24)	Completed	The Tea Association conducted a sectoral dialogue meeting at the Institute of Subtropical Crops and Tea Industry in Anaseuli, Ozurgeti municipality.
M4: M4: Workshop with Bank of Georgia (August 24)	Completed	This milestone was brought forward due to the change in the SME lending team, principally the Director, in Bank of Georgia. The project engaged the bank in April 2024 and conducted workshops with credit officers and branch managers in May to optimise the model. This is now being rolled out in collaboration with the bank.
M5: Workshop with Banking Association of Georgia (June 24)	Dropped	This milestone was dropped as the project did not commence the anticipated grant agreement with the Banking Association in 2024.
M6: Knowledge sharing conference with key stakeholders (February 24)	Completed	The knowledge sharing and sectoral dialogue event was held on 15 May 2024 in Tbilisi.
M7: Assessment Report on effects of ASP services on SMEs (July 24)	Completed	This has also been completed in July 2024 (this is outside the reporting period and therefore will be included in the annual report). The assessment report is available here .
M8: Workshop with WBA (September 24)	Dropped	This milestone has been dropped as the project did not commence the anticipated grant agreement with the Association Women in Business in 2024.
M9: New marketing campaign launched (May 24)	Completed	This milestone was completed as it was pursued by the Almonds and Walnuts Producers' Association which promoted technology-leasing packages in rural areas. It was not possible to agree a collaboration with Tera Leasing for a marketing outreach campaign in the reporting period.
M10: Tourism industry event (May 24)	Dropped	This event did not go ahead as the partner was not able to deliver the planned activity.
M11: Experience sharing workshop with dairy sector (May 24)	Dropped	The planned collaboration with GMMF was delayed and the grant focused on service facilitation rather than sector engagement association (see AP 1.1.2)
M12: Workshop with GARA (April 24)	Dropped	The experience sharing workshop was dropped as the association was not able to generate sufficient results to interest the sector.
M13: Sector dialogue report (February 24) (Construction industry - ICCA)	Completed	The construction sector discussed the result of the mentoring experience at their annual event. This included a panel discussion which included mentee SMEs, mentors, and the mentoring expert (See AP 2.1.2)

Milestone and date	Status	Remarks
M14: SME performance assessment report (November 24)	Dropped	This milestone has been dropped as it was not possible to agree collaborations with the marketing agencies in 2024 (see AP 2.1.2)
M15: Report on performance of service providers (May 24)	Dropped	This milestone is ongoing as the HACCP service providers did not deliver significant numbers of services in the reporting period. The trained service providers from late 2023 will be monitored before the end of the phase.
M16: Videos are accessed by rural SMEs (May 24)	Completed	The videos have been developed were posted onto the EG Growth Hubs website in Q3, 2024 and there have been over 400 views. It was not possible to know at this time of reporting whether these are rural SMEs.
M17: Report on graduation & BeDigital services in non-growth hub areas (August 24)	Completed	Report was amended to focus on the performance of the diagnostic assessment process for micro-loans and growth hub roster services. Report prepared and included in Annex 11.
M18: Impact report and sharing workshop with EG (September 24)	Partially completed	Report on Graduation and BeDigital was prepared and is included in Annex 11. In the case of impact of the growth hubs this was not completed as EG requested that the Agency lead on data collection. The project had discussions with EG regarding the impact of, and future of, the graduation model and impact of the growth hubs work with EG. Graduation model is liked by EG but has been put on hold due to the withdrawal of the micro-grants programme. The project and EG have discussed how it can be re-purposed to support unsuccessful micro-loan applicants
M19: Impact report and sharing workshop with RDA (September 24)	Completed	Impact study was developed by the project. Results were discussed with RDA, and it was agreed to prepare for another round of Plant the Future through orienting Information Consulting Centre staff in the experience and deploying them as 'gender champions' in line with the UNWOMEN-supported Gender Action Plan of the Agency. An inspirational video was prepared with the Agency to showcase the best practice; however, the capacity building of ICC staff was postponed until Phase II of the project due to the delay in the opening of Plant the Future.
M20: Workshop with EG (October 24)	Completed	The project has engaged in close and ongoing collaboration with EG during the reporting period, especially from September to December regarding the micro-loan. This has led to trouble shooting of various issues which have been captured in a report (see annex). A coordination meeting was conducted with EG senior leaders, including the Deputy Director, in December 2024 where the project agreed with EG's request to continue collaboration on the micro-loan project in Phase II, subject to contracting with SDC.
M21: Workshop with RDA (March 24)	Completed	Workshop to share findings of actions to support female access to the <i>Plant the Future</i> programme was completed in March 2024.

ANNEX 6: WORKSHOPS AND OUTREACH EVENTS (JAN-DEC 2024)

Date	Location	Event	Participation (including M/F disaggregation)	Activity - Role and contribution
19-Feb-24	Telavi	SMEDA awareness raising event	8 (4F/4M)	Activity Package 1.1.2. Developing & piloting advisory packages for preparing investment plans for loan application. Under the current grant agreement, SMEDA had awareness raising event together with financial institution and RDA/ICC representatives, to promote service opportunities and best available financial products to rural SMEs to improve their loan application process (contributes to Output 2.2.3).
10-Mar-24	Kutaisi	BeDigital training for EG micro grants winners	14 (6F/8M)	Activity Package 1.1.3: Facilitating institutional ties between advisory services and financial institutions. Training of EG micro grant winners by SavvY in basic digital skills and platforms for supporting their business activities (e.g. locating their business at google maps, using online meeting platforms, preparing basic marketing tools for promotion, etc.).
11-Mar-24	Zestaponi	BeDigital training for EG micro grants winners	9 (4F/5M)	Activity Package 1.1.3: Facilitating institutional ties between advisory services and financial institutions. Training of EG micro grant winners by SavvY in basic digital skills and platforms for supporting their business activities (e.g. locating their business at google maps, using online meeting platforms, preparing basic marketing tools for promotion, etc.).
12-Mar-24	Tetritskaro	SMEDA awareness raising event	11 (5F/6M)	Activity Package 1.1.2. Developing & piloting advisory packages for preparing investment plans for loan application. Under the current grant agreement, SMEDA had awareness raising event together with financial institution and RDA/ICC representatives, to promote service opportunities and best available financial products to rural SMEs to improve their loan application process.
20-Mar-24	Tbilisi	AWPA awareness raising event	68 (20F/48M)	Activity Package 1.1.2. Developing & piloting advisory packages for preparing investment plans for loan application. Kick off meeting for the association to introduce the leasing services offer and conduct sectoral dialogue meeting with RDA, Leasing companies, SMEs, and machinery suppliers (contributes to Output 2.2.3).
22-Mar-24	Gori	BeDigital training for EG micro grants winners	14 (9F/5M)	Activity Package 1.1.3: Facilitating institutional ties between advisory services and financial institutions. Training of EG micro grant winners by SavvY in basic digital skills and platforms for supporting their business activities (e.g. locating their business at google maps, using online meeting platforms, preparing basic marketing tools for promotion, etc.).
23-Mar-24	Gori	BeDigital training for EG micro grants winners	11 (5F/6M)	Activity Package 1.1.3: Facilitating institutional ties between advisory services and financial institutions. Training of EG micro grant winners by SavvY in basic digital skills and platforms for supporting their business activities (e.g. locating their business at google maps, using online meeting platforms, preparing basic marketing tools for promotion, etc.).
02-Apr-24	Anaseuli	Tea Association networking event	22 (3F/19M)	Activity Package 1.1.2. Developing & piloting advisory packages for preparing investment plans for loan application. Sectoral dialogue meeting with RDA, accounting services provider, the Institute of Subtropical Crops and Tea Industry, and SMEs. Conducted in Anaseuli, Ozurgeti municipality (also contributes to Output 2.2.3).
05-Apr-24	Akhalsikhe	BeDigital training for EG micro grants winners	17 (9F/8M)	Activity Package 1.1.3: Facilitating institutional ties between advisory services and financial institutions. Training of EG micro grant winners by SavvY in basic digital skills and platforms for supporting their business activities (e.g. locating their business at google maps, using online meeting platforms, preparing basic marketing tools for promotion, etc.).

Date	Location	Event	Participation (including M/F disaggregation)	Activity - Role and contribution
10-Apr-24	Akhalsikhe	SMEDA awareness raising event	20 (19F/1M)	Activity Package 1.1.2. Developing & piloting advisory packages for preparing investment plans for loan application. Under the current grant agreement, SMEDA had awareness raising event together with financial institution and RDA/ICC representatives, to promote service opportunities and best available financial products to rural SMEs to improve their loan application process.
12-Apr-24	Khashuri	SMEDA awareness raising event	14 (12F/2M)	Activity Package 1.1.2. Developing & piloting advisory packages for preparing investment plans for loan application. Under the current grant agreement, SMEDA had awareness raising event together with financial institution and RDA/ICC representatives, to promote service opportunities and best available financial products to rural SMEs to improve their loan application process.
24-May-24	Nichbisi	AWPA field visit for demonstrating agricultural machinery equipment to farmers	35 (3F/32M)	Activity Package 1.1.2. Developing & piloting advisory packages for preparing investment plans for loan application. Field exhibition and sectoral dialogue meeting for the association to introduce the leasing services offer with SMEs and machinery suppliers (contributes to Output 2.2.3).
15-May-24	Tbilisi	GFPAA/GFAAFM - Scaling-up Financial Advisory services	4 (4M)	Activity Package 1.1.2. Promoting strategies for SME management / use of market opportunities. Dialogue forum meeting of key stakeholders representing professional federations, SARAS, state agencies, commercial banks, sectoral associations, regional ASPs and SMEs
02-Jun-24	Khulo	BeDigital training for EG micro grants winners	9 (4F/5M)	Activity Package 1.1.3: Facilitating institutional ties between advisory services and financial institutions. Training of EG micro grant winners by SavvY in basic digital skills and platforms for supporting their business activities (e.g. locating their business at google maps, using online meeting platforms, preparing basic marketing tools for promotion, etc.).
04-Jun-24	Batumi	BeDigital training for EG micro grants winners	14 (8F/6M)	Activity Package 1.1.3: Facilitating institutional ties between advisory services and financial institutions. Training of EG micro grant winners by SavvY in basic digital skills and platforms for supporting their business activities (e.g. locating their business at google maps, using online meeting platforms, preparing basic marketing tools for promotion, etc.).
19-Jul-2024	Batumi	SARAS-GFPAA/GFAAFM joint awareness-raising event for SMEs and ASPs	ASPs: 133 (116F/17M) SMEs: 2 (2M)	Activity Package 1.1.2. Promoting strategies for SME management / use of market opportunities. Joint awareness raising events between the Federations and the SARAS were under-taken across the regions of Georgia to promote the concept and benefits of financial advisory services to both rural service providers and SMEs.
22-Jul-2024	Poti	SARAS-GFPAA/GFAAFM joint awareness-raising event for SMEs and ASPs	ASPs: 34 (24F/10M) SMEs: 6 (5F/1M)	Activity Package 1.1.2. Promoting strategies for SME management / use of market opportunities. Joint awareness raising events between the Federations and the SARAS were under-taken across the regions of Georgia to promote the concept and benefits of financial advisory services to both rural service providers and SMEs.
23-Jul-2024	Zugdidi	SARAS-GFPAA/GFAAFM joint awareness-raising event for SMEs and ASPs	ASPs: 33 (14F/19M) SMEs: 3 (2F/1M)	Activity Package 1.1.2. Promoting strategies for SME management / use of market opportunities. Joint awareness raising events between the Federations and the SARAS were under-taken across the regions of Georgia to promote the concept and benefits of financial advisory services to both rural service providers and SMEs.

Date	Location	Event	Participation (including M/F disaggregation)	Activity - Role and contribution
24-Jul-2024	Kutaisi	SARAS-GFPAA/GFAAFM joint awareness-raising event for SMEs and ASPs	ASPs: 33 (21F/12M) SMEs: 25 (17F/8M)	Activity Package 1.1.2. Promoting strategies for SME management / use of market opportunities. Joint awareness raising events between the Federations and the SARAS were under-taken across the regions of Georgia to promote the concept and benefits of financial advisory services to both rural service providers and SMEs.
25-Jul-2024	Sighnaghi	SARAS-GFPAA/GFAAFM joint awareness-raising event for SMEs and ASPs	17 (11F/6M)	Activity Package 1.1.2. Promoting strategies for SME management / use of market opportunities. Joint awareness raising events between the Federations and the SARAS were under-taken across the regions of Georgia to promote the concept and benefits of financial advisory services to both rural service providers and SMEs.
23-Aug-2024	Mtskheta-Mtianeti, Kakheti, Kvemo Kartli	AWPA - Individual consultations for member farmers from the almond and walnut expert	10 (0F/10M)	Activity Package 3.3. Provide technical consultations on the optimal selection and usage of equipment and machinery relevant to almond and walnut processing AWPA organized the visit of almond and walnut expert James McKenna from the University of California, Davis, who spent a total of seven working days (August 19-25) with the association and provided individual consultations and field visits to member farmers.
25-Aug-2024	Hotel Tbilisi Marriott	AWPA - Two-days training on Almond Orchard Management and Almond Processing and Food Safety	39 (11F/28M)	Activity Package 3.3. Provide technical consultations on the optimal selection and usage of equipment and machinery relevant to almond and walnut processing On August 26-27, the association organized two days of training by International almond expert Juan Olivares Fernández on the following topics: <ul style="list-style-type: none"> • August 26: Almond Orchard Management: Harvesting and Post-Harvest Practices • August 27: Almond Processing and Food Safety: Importance of HACCP and Almond Processing Technologies.
08-Sep-2024	Nichbisi	AWPA demonstration day for almond farmers	26 (4F/22M)	Activity Package 3.1. Organize field visits for association member farmers to modern almond/walnut processing facilities and orchards, demonstrating cutting-edge machinery and technologies. Field exhibition and sectoral dialogue meeting for demonstrating various almond harvesting techniques, which allows farmers to observe and compare the performance of different harvesters.
24-Sep-2024	Borjomi	Regional ASP Prestige Audit conducted informational meetings on services and micro loan opportunities for local SMEs	10 (5F/5M)	Activity Package 1.1.2. Promoting strategies for SME management / use of market opportunities. Regional ASP Prestige Audit conducted 6 meetings in Samtskhe-Javakheti regarding services and finances available and beneficial for rural SMEs
24-Sep-2024	Bakuriani	Regional ASP Prestige Audit conducted informational meetings on services and micro loan opportunities for local SMEs	33 (13F/20M)	Activity Package 1.1.2. Promoting strategies for SME management / use of market opportunities. Regional ASP Prestige Audit conducted 6 meetings in Samtskhe-Javakheti regarding services and finances available and beneficial for rural SMEs

Date	Location	Event	Participation (including M/F disaggregation)	Activity - Role and contribution
25-Sep-2024	Akhatsikhe	Regional ASP Prestige Audit conducted informational meetings on services and micro loan opportunities for local SMEs	6 (2F/4M)	Activity Package 1.1.2. Promoting strategies for SME management / use of market opportunities. Regional ASP Prestige Audit conducted 6 meetings in Samtskhe-Javakheti regarding services and finances available and beneficial for rural SMEs
25-Sep-2024	Adigeni	Regional ASP Prestige Audit conducted informational meetings on services and micro loan opportunities for local SMEs	35 (25F/10M)	Activity Package 1.1.2. Promoting strategies for SME management / use of market opportunities. Regional ASP Prestige Audit conducted 6 meetings in Samtskhe-Javakheti regarding services and finances available and beneficial for rural SMEs
26-Sep-2024	Akhalkalaki	Regional ASP Prestige Audit conducted informational meetings on services and micro loan opportunities for local SMEs	25 (7F/18M)	Activity Package 1.1.2. Promoting strategies for SME management / use of market opportunities. Regional ASP Prestige Audit conducted 6 meetings in Samtskhe-Javakheti regarding services and finances available and beneficial for rural SMEs
26-Sep-2024	Ninotsminda	Regional ASP Prestige Audit conducted informational meetings on services and micro loan opportunities for local SMEs	14 (11F/3M)	Activity Package 1.1.2. Promoting strategies for SME management / use of market opportunities. Regional ASP Prestige Audit conducted 6 meetings in Samtskhe-Javakheti regarding services and finances available and beneficial for rural SMEs
13-Nov-2024	Akhatsikhe	Loialte (as EG Growth Hub roster company) and TBC Bank offer subsidised services to TBC Bank clients	23 (8F/15M)	Activity Package 1.1.2. Promoting strategies for SME management / use of market opportunities. Loialte as an EG Growth Hub roster company organized meetings with the SMEs from TBC Bank, together with TBC Bank, to suggest the subsidized services available through the Growth Hubs initiative.
16-Nov-2024	Gori	Loialte (as EG Growth Hub roster company) and TBC Bank offer subsidised services to TBC Bank clients	25 (13F/12M)	Activity Package 1.1.2. Promoting strategies for SME management / use of market opportunities. Loialte as an EG Growth Hub roster company organized meetings with the SMEs from TBC Bank, together with TBC Bank, to suggest the subsidized services available through the Growth Hubs initiative.

Date	Location	Event	Participation (including M/F disaggregation)	Activity - Role and contribution
21-Nov-2024	Zugdidi	Loialte (as EG Growth Hub roster company) and TBC Bank offer subsidised services to TBC Bank clients	13 (4F/9M)	Activity Package 1.1.2. Promoting strategies for SME management / use of market opportunities. Loialte as an EG Growth Hub roster company organized meetings with the SMEs from TBC Bank, together with TBC Bank, to suggest the subsidized services available through the Growth Hubs initiative.
22-Nov-2024	Ozurgeti	Loialte (as EG Growth Hub roster company) and TBC Bank offer subsidised services to TBC Bank clients	12 (5F/7M)	Activity Package 1.1.2. Promoting strategies for SME management / use of market opportunities. Loialte as an EG Growth Hub roster company organized meetings with the SMEs from TBC Bank, together with TBC Bank, to suggest the subsidized services available through the Growth Hubs initiative.

ANNEX 7: COMMUNICATIONS OUTPUTS

OVERVIEW

Task	Channels	Frequency	2024				T 2024	A 2024	T (Phase)	A (Phase)	Notes
			Q1	Q2	Q3	Q4					
1	Online										
1.1	Website posting	Quarterly	1	1	1	1	4	1	12	11	RSMEDP's website featured 1 post on collaboration with Enterprise Georgia, 1 on the Swiss Cooperation Programme 2022-2025, and 1 on rural SME resilience. Other posts covered ASP training (1), ICCA mentoring for construction suppliers (1), hotel quality standards (1), Joni's tea journey (1), BeDigital sessions (1), and industry mentorship (1). Additional topics included an equipment exhibition, financial agritourism services, growth with GFPAA and FAFM, minority and women entrepreneurs, partnerships with the Tea and Almond & Walnut Associations, a graduation program, construction services, and Swiss Cooperation & Enterprise Georgia's rural enterprise support.
1.2	Social Media posting	Quarterly	12	12	12	12	48	19	101	90	RSMEDP's social media covered key activities, partnerships, and events supporting rural SMEs. Posts highlighted collaborations with Enterprise Georgia, ACAG, ICCA, RDA, GFA, and the Tea Association of Georgia, along with MoUs, financial advisory support, agritourism, and business development services. Announcements included vacancies, grants, and initiatives improving SME access to finance and markets. Major events featured included the Steering Committee meeting, Swiss Cooperation Programme launch, World MSME Day, Swiss National Day, and Rural Women's Day. Success stories of entrepreneurs and posts on MSD, business support, and financial access showcased project impact. RSMEDP also engaged with minority entrepreneurs, construction suppliers, and the Banking Association of Georgia while representing Georgia at the DCED Global Seminar. Collaborations with UN Women helped develop gender indicators, and training sessions across Georgia strengthened SME capacities. SDC featured RSMEDP's work, recognizing its role in rural SME development.
1.3	Social Media reposting	Whenever possible					0	14	0	25	RSMEDP reshared 2 posts from GSCD, 1 from Dmanisi Municipality, 1 Dairy Georgia job post, 1 on RSMEDP-Katalyst similarities, 1 OU LinkedIn GESI Survey, 1 Swisscontact Eastern Europe newsletter, and 1 Embassy of Switzerland post on Human Rights Day featuring an ethnic minority beneficiary. Other posts covered RSMEDP's role at the Swiss Partners' Day, 1 RDA post on the RDA-"Swisscontact" memorandum, 1 AccountAnts post on financial services for micro-enterprises, the RDA-RSMEDP memorandum, micro-entrepreneur empowerment, Enterprise Georgia's Graduation Service, RSMEDP-GARA partnership, Almond & Walnut Producers Association collaboration, Swisscontact's annual report, the Almond & Walnut exhibition, SARAS collaboration, machinery financing for SMEs, nearly 400 SMEs financed, cooperation with Accountancy Federations, and expanding business diagnostics via Enterprise Georgia Growth Hubs. Giorgi Tabuashvili's Almond post was also reshared.
2	Events										

Task	Channels	Frequency	2024				T 2024	A 2024	T (Phase)	A (Phase)	Notes
			Q1	Q2	Q3	Q4					
2.1	Project-organised events/webinars	Annually from 2023			1		1	1	2	2	Event held in Tbilisi for 'Increasing Access to Financial Advisory Services in the Regions of Georgia' (May 2024); internal Swisscontact 'Knowledge Fair' webinar (March 2024)
2.2	Contributions to external events/forums/webinars	Annually from 2023		1			1	7	2	17	1) Participation of Richard Rose in SDC event on launching Swiss Cooperation Programme for the South Caucasus 2022-2025. 2) reception with financial institutions on impact linked Financing (ILF) 3) Agri-Financing Round Table with the Banking Association of Georgia (BAoG) 4) Public entrepreneurship Academy (PEA) in St Gallen, Switzerland 5) Market System Development Seminar in Bangkok, Thailand 6) BEAM Exchange Market System Development Leaders Seminars (online) 7) DCED Technical Seminar in Bangkok, Thailand 8) Cooperation with Swisscontact Regional Office and Contribution to Regional Communication. 9) RSMED Project Representing Georgia at the DCED Global Seminar in Nairobi 10)
2.3	Recognition of International & World Days	3 times a year	1	1		1	3	4	9	10	The project developed posts on international days: 27th June Micro, Small and medium-sized Enterprises Day; 16-25 September UN Sustainable Development Goals Week Post, 28th September International Day for Universal Access to Information Post; 15th October International Rural Women Day Post. Celebration of international Women's Day on the 8th of March-FB post; Swiss National Day - August 1; 75 Years of the Geneva Conventions- August 12th; September 27th - World Tourism Day.
3	Publications										
3.1	Leaflets, brochures, infographics	Bi-annually	1		1	1	3	0	1	1	The project one page summary was developed early in the phase.
3.2	Case Studies/Success stories	4 times a year starting from 2023		2		2	4	4	8	9	During Phase I, the project developed nine success stories, each available in Georgian and English. These feature individuals such as Nika from Kobuleti, David from Tsalka, Joni from Guria, Maia from Kobuleti, Aram from Akhaltsikhe, Niaz from Kvemo Kartli, Tea from Samegrelo, Veronika from Akhaltsikhe, and Medea from Telavi.
3.3	Research Reports	As available	1		2		3	3	6	6	The project publishes all research reports where possible on the project website. In 2024 an impact assessment on the effect of financial advisory services; Identification of areas for HACCP service extension; and a 'Green Financing' landscape analysis has been prepared and will be published soon.
4	Media										
4.1	Media Outlets (TV, online media, radio)	Annually from 2023			1		1	1	2	1	Media outreach was limited in 2024 due to political disruption. However, in coordination with SDC the project provided a press release related to the event 'Increasing Access to Financial Advisory Services in the Regions of Georgia'. This was picked up by media outlets including Agenda.ge https://agenda.ge/en/news/2024/39143#gsc.tab=0
4.2	Project Videos	Three times total between	2				2	1	3	1	A video was prepared in late 2024 to showcase innovations from the project during the phase. This will be released in early 2025.

OUTPUTS

The project developed 9 success stories in throughout phase I, these include:

- Nika from Kobuleti ([GEO/ENG](#))
- David from Tsalka ([GEO/ENG](#))
- Joni from Guria ([GEO/ENG](#))
- Maia from Kobuleti ([GEO/ENG](#))
- Aram from Akhaltsikhe ([GEO/ENG](#))
- Niaz from Kvemo Kartli ([GEO/ENG](#))
- Tea from Samegrelo ([GEO/ENG](#))
- Veronika from Akhatsikhe ([GEO/ENG](#))
- Medea from Telavi ([GEO/ENG](#))

In addition, two Learning Briefs were developed:

- *From Financial Advisory Services To Job Creation and Resilience: Lessons from the Rural Small and Medium Enterprises Development Project (RSMEDP) in Georgia* ([ENG](#))
- *Leave No One Behind: Access To Finance For Linguistically and Economically Excluded SMEs: Lessons from the Rural Small and Medium Enterprises Development Project (RSMEDP) in Georgia* ([ENG](#))

These are provided in Annex 11. Examples below:

FEMALE FARMER IN SAMEGRELO ACCESSES STATE FINANCE TO SUPPORT LAUREL PRODUCTION ENTERPRISE

Tea Kharbedia accessed funding from the Rural Development Agency's 'Plant the Future' programme to develop a Laurel production business.

As a widow with one child, 51-year-old Tea Kharbedia has to make decisions by herself. She has also experienced hardship, being displaced from her native Abkhazia in the 1990s when she was a student of medicine.

Although she was able to complete her studies in Georgia and has been working as a doctor in her local town centre of Khobi for some years, her thoughts have turned towards securing her retirement through alternative income sources.

In mid 2023 she participated in a mobilisation session at the local Rural Development Agency *Information and Consultation Centre* (ICC). The session introduced her to financing opportunities that can be used to start small-scale agricultural production enterprises.

She had never sought grants previously but was encouraged to apply for the RDA *Plant the Future* programme. Taking up the offer of counselling support she became more confident to apply. Also, through engaging with the local ICC staff, Tea learned about how to apply, how to register her land, and the agronomic aspects of Laurel production.

Tea was successful and is now a farmer, having recently planted nearly 4000 two-year-old laurel plants. She expects a bumper harvest worth around 40,000 GEL (CHF 13,300 approx.) when the plants mature in around 3 years' time. She intends to sell to buyers who export to Turkey and Europe.

Problem: Rural women lack opportunities to access state support to develop agricultural enterprises.

Multiple vulnerable groups can be found in Georgia: female-headed households, widows, internally displaced persons (IDPs), remote rural populations, and ethnic minorities are generally at greater risk of being poor. Female members of these groups often lack wage employment opportunities, which is a major contributor to their higher risk of poverty*.

The RDA *Plant the Future* (PIF) programme has been providing grants for perennial and nursery gardens and seedlings since 2015. Applicants need land registered in their name, access to a water source, and co-financing to apply. However due to constraints including low understanding of procedural requirements and a lack of confidence to apply, there are proportionally lower numbers of applications from women. This leads to only around 18-20% of awards being accessed by women, though the share of women landowners is around 38.4% (National Public Registry, 2019).

*UN Women, 2020, Country Gender Equality Profile



'I am new to farming, and didn't believe I could get the grant, but in the end, I was successful'

SOLUTION

Improving rural women's access to the Plant the Future Programme

Partner: The Rural Development Agency implements and manages programs/projects initiated by the Ministry of Environmental Protection and Agriculture. The Agency was established in 2012 to promote rural development and increase the well-being of rural residents.

Intervention: Establish improved communications and monitoring processes at the RDA to support more inclusive access to grants. In particular the focus of the activity to increase the quantity and quality of grants applications from women applicants.

V1 June 2024

RATIONALE




LEAVE NO ONE BEHIND: ACCESS TO FINANCE FOR LINGUISTICALLY AND ECONOMICALLY EXCLUDED SMEs

Lessons from the Rural Small and Medium Enterprises Development Project (RSMEDP) in Georgia

Authors:
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Rachel Shah

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Confederaziun svizra
Swiss Agency for Development and Cooperation SDC



Implemented by:
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Georgian Winemaker Blends Ancient Traditions with Modern Innovation

GEORGIA ENTREPRENEURIAL ECOSYSTEMS

31.05.2024

In Georgia, where winemaking dates back over 8,000 years, Davit Kvrivishvili is reviving ancient traditions in modern times. Georgia, often regarded as the cradle of viticulture, enjoys a storied history preserved in the grape seeds and qvevis—clay vessels used for fermentation and storage. This legacy is woven into the fabric of Georgian culture, earning recognition from UNESCO for its intangible cultural heritage.

Davit, a dedicated rural entrepreneur, cultivates his vineyard in the Sagarejo municipality of Kakheti, Georgia's preeminent wine region. His vineyard spans 15 hectares, and six years ago, he established a winery capable of producing up to one million bottles of wine annually. Despite this potential, Davit has struggled to meet production targets due to limited demand.

Kakheti is renowned for its fertile soils and favorable climate, producing celebrated varieties like Saperavi (red) and Rkatsiteli (white). Yet, rural entrepreneurs in Georgia often face significant obstacles, including a lack of financial expertise and limited access to reliable advisory services. To address these challenges, the Rural SMEs Development Program (RSMEDP) has stepped in to support entrepreneurs like Davit.

Partnering with the Georgian Agri-tourism Regional Association (GARA), RSMED project has trained local accountants in Lagodekhi and Sagarejo municipalities, equipping them with the skills to provide essential financial advisory services to agri-tourism entrepreneurs. This initiative has been crucial for Davit, offering him the guidance needed to improve operational efficiency and secure investment resources.



Davit Kvrivishvili, winemaker

One pivotal recommendation was to harness the burgeoning trend of experiential tourism. With a growing number of visitors seeking immersive wine tasting experiences, Davit is now planning to introduce such services at his vineyard. To realize this vision, he is conducting financial assessments with a GARA-trained accountant, marking a significant step forward in his winemaking journey.

Davit Kvrivishvili's story exemplifies the resilience and ingenuity of Georgian winemakers. By integrating traditional methods with contemporary practices and leveraging financial advisory support, Davit is set to elevate his winery's offerings. His dedication helps to solidify Georgia's prestigious status in the global wine industry, ensuring that the ancient craft of Georgian winemaking thrives in the modern era.

The Rural SMEs Development Project (RSMEDP) is financed by the Swiss Agency for Development Cooperation (SDC) and seeks to increase income and employment in rural Georgia in line with the Swiss Cooperation Programme South Caucasus Region 2022-2025. It achieves this through taking a market systems development approach to improve rural SMEs' access to finance and business support services. It is implemented by a consortium of Swisscontact, Mercy Corps and the Springfield Centre for business in development.

BEAM Exchange Website Content

The screenshot shows the BEAM Exchange website interface. At the top, there is a navigation bar with the BEAM EXCHANGE logo and links for 'About BEAM', 'Resource Library', 'MSD Tool Library', and 'Sign up | Log in'. A search bar is also present. Below the navigation bar, there are menu items: 'Market systems', 'Guidance', 'Evidence', 'In Practice', 'Competency Framework', and 'Community'. The main content area features a green header with the text 'Programme profile' and 'RSMED Georgia: Rural Small and Medium Enterprises Development'. To the right of the title is the logo for 'Rural Small & Medium Enterprises Development - GEORGIA'. Below the title, there is a horizontal menu with categories: 'Georgia', 'Asia: West & Central', 'Financial services', 'ICT & business services', 'Finance & investment', and 'Gender & social inclusion'. The main content is divided into two columns. The left column contains sections for 'Project description / objective', 'Market systems focus', and 'Access to finance for rural SMEs'. The right column contains a 'Programme Index Listing' box with details on 'Location', 'Main implementer', 'Other implementers', 'Donor', and 'Duration'.

Project description / objective
Increase employment and income opportunities for rural men and women, contributing to the reduction in poverty and inequalities, including gender inequality.

Market systems focus
Access to finance for rural SMEs
Rural SMEs lack financial literacy, financial management skills, professionalisation and innovation which inhibits their ability or willingness to access finance and operational resilience or growth.

Programme Index Listing

- Location**
Georgia
- Main implementer**
Swisscontact
- Other implementers**
Mercy Corps, The Springfield Centre
- Donor**
Swiss Agency for Development and Cooperation (SDC)
- Duration**
2020 - 2024 (Phase 1)

ANNEX 8: STUDIES & REPORTS COMPLETED DURING THE REPORTING PERIOD

Study/ Report	Date	Author and Partner	Publication Status
RSMED Project Contract Farming Opportunities, Final Report	May 2024	Kadale Consultants	Included in Annex 11
Summary Report: Scaling up Financial Advisory Services in the Regions of Georgia (Georgian version)	May 2024	RSMEDP and Nika Koiava	RSMEDP website
Rural SME Financial Literacy and Access to Finance: Mixed-Method Impact Assessment	May 2024	City Institute Georgia	RSMEDP website
Rural Development Agency Gender Indicators and SDD Framework Document	June 2024	Nandini Gunewardena with the RSMEDP and UNWOMEN	Included in Annex 11
Final Report Savvy BeDigital 2024	June 2024	SavvY Consulting	Included in Annex 11
Graduation Service: Final Report	September 2024	SavvY Consulting	Included in Annex 11
From Financial Advisory Services to Job Creation and Resilience: Lessons from the Rural Small and Medium Enterprises Development Project (RSMEDP) in Georgia	October 2024	Blerta Peta & Rachel Shah, Mercy Corps	RSMEDP website BEAM Exchange website
Leave No One Behind: Access To Finance for Linguistically and Economically Excluded SMEs: Lessons from the Rural Small and Medium Enterprises Development Project (RSMEDP) in Georgia	October 2024	Blerta Peta & Rachel Shah, Mercy Corps	RSMEDP website BEAM Exchange website
Trade financing Reports	December 2024	SavvY Consulting	Included in Annex 11
Green Finance Landscape in Georgia and Regional Best Practices	December 2024	SavvY Consulting	Included in Annex 11
Leave No-one Behind (LNOB) Groups and women's perceptions of, and participation in, business and economic-related decision-making.	December 2024	DEPA Consulting	Included in Annex 11
Best Practices and Key Lessons Learned from the Growth Hub's Operations in Conducting SME Diagnostic Assessments for Micro Loan and Consulting Services Co-Financing Programs in Selected Locations	December, 2024	SavvY Consulting	Included in Annex 11
Briefing Papers on technical assistance to the EG Growth Hubs	December 2024	Jon Burns	Included in Annex 11
Auditor's Report, DCED Standard for Results Measurement	December 2024	Phitcha Wanitphon	Included in Annex 11 RSMEDP Website (summary)

ANNEX 9: OTHER DOCUMENTS

11.1 Training and other relevant technical materials

1. *EG Growth Hubs Workshop Inputs*
2. *Final Report Savvy BeDigital*
3. *RDA Gender Indicators and SDD Framework Document (ENG/ GEO)*
4. *Report Kadale – RSMED Project Contract Farming Opportunities 31 May 2024*
5. *Video lectures – Nika (Gvantsa)*
6. *Blueberry technical website – screenshots.*
7. *RDA Agro-insurance workshop report.*
8. *Trade financing reports*
9. *Green Finance Landscape in Georgia and Regional Best Practices*
10. *DEPA study perception survey*
11. *Briefing Papers on technical assistance to the EG Growth Hubs.*
12. *Auditor’s Report, DCED Standard for Results Measurement, plus Annexes.*
13. *Best Practices and Key Lessons. Learned from the Growth Hub's Operations in Conducting SME Diagnostic Assessments for Micro Loan and Consulting Services Co-Financing Programs in Selected Locations.*
14. *Graduation Service: Final Report.*

11.2 Communication Materials

- Nika from Kobuleti ([GEO/ENG](#))
- David from Tsalka ([GEO/ENG](#))
- Joni from Guria ([GEO/ENG](#))
- Maia from Kobuleti ([GEO/ENG](#))
- Aram from Akhaltsikhe ([GEO/ENG](#))
- Niaz from Kvemo Kartli ([GEO/ENG](#))
- Tea from Samegrelo ([GEO/ENG](#))
- Veronika from Akhatsikhe ([GEO/ENG](#))
- Medea from Telavi ([GEO/ENG](#))

11.3 Grant Agreements

- *GA-24-001 - Grant Agreement – Georgian Federation of Professional Accountants and Auditors (GFPAA)*
- *GA-24-002 - Grant Agreement – Almond and Walnut Producers Association (AWPA)*
- *GA-24-003- Grant agreement – Georgian Milk Mark Federation (GMMF)*

NOTE: these annexes are provided in a separate file



Rural Small & Medium
ENTERPRISES DEVELOPMENT
GEORGIA

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