

# CREATING A BETTER BUSINESS ENVIRONMENT FOR RURAL SMALL AND MEDIUM-SIZED ENTERPRISES IN GEORGIA (PHASE II)



The *Rural SMEs Development Project (RSMEDP)* focuses on strengthening the eco-system for business support services and access to finance that serve SMEs in rural Georgia.

The project It is a continuation of the successful Phase I (Oct 2021 – Dec 2024) where the consortium developed strong collaborative relationships with local stakeholders. Phase I supported 3,598 SMEs to take up business support services and 1,228 SMEs to loans and grants. This enabled 1,428 small and medium enterprises (SMEs) and small holder farmers (SHFs) to become more profitable or resilient, leading to 4,020 individuals having new or better employment.

In **Phase II (Jan 2025 – Dec 2028)** the project focuses on the diversification and digitalisation of business services, the strengthening of producer-buyer relationships through lead-firms, improving the targeting and performance monitoring of state-provided SME financial support programmes, and exploring models for extending appropriate commercial finance to SMEs through the banking system.

## APPROACH AND OUTCOMES

The project uses the *Market Systems Development (MSD)* approach to facilitate the creation of a more effective eco-system of business services that serve rural SMEs, based on a pragmatic assessment of the capacity and incentives of market actors to guide and sustain those services.

Key Outcomes for Phase II are:

- **Outcome 1:** Rural SMEs and small holder farmers grow sustainably and become more resilient through Business Support Services and Access to Finance opportunities.
- **Outcome 2:** Market players provide sustainable business support services to improve financial management practices, market access, and access to finance of SMEs and small-holder farmers.

## RURAL SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (RSMED) GEORGIA

### OPERATING AREA

Georgia excluding urban areas of Tbilisi, Kutaisi, Batumi, and Rustavi

### KEY STAKEHOLDERS

National Agencies, Sector and Business Associations, Business Support Services (BSS), Consulting Companies, Lead Firms, and Financial Institutions

### TARGET GROUPS

(1) Market players and institutions providing business support services; (2) rural SMEs leading to benefits for women and men in rural Georgia.

### DURATION

January 2025 – December 2028 (Phase 2)

### BUDGET

CHF 4 000 000

### IMPACT

- 4,370 people have new or better employment including those in LNOB groups
- 1,650 people with new or existing jobs increase income of CHF 740,000
- 1,750 SMEs benefit with additional income, reduced costs, and/or improved resilience