

# Ministry of Economy and Sustainable Development of Georgia



## SME Development Action Plan for 2023-2025

### 2023 Annual Report

SME Development Strategy of Georgia for  
2021-2025

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## Abbreviations

<b>DCFTA</b>	Deep and Comprehensive Free Trade Agreement
<b>EaP</b>	Eastern Partnership
<b>EN</b>	European Standard
<b>GCNG</b>	Global Compact Network Georgia
<b>GIA</b>	Gender Impact Assessment
<b>GIZ</b>	Organization of International Cooperation of Germany
<b>OECD</b>	Organization for Economic Cooperation and Development
<b>RBC</b>	Responsible Business Conduct
<b>RIA</b>	Regulatory Impact Assessment
<b>SBA</b>	Small Business Act
<b>SME</b>	Small and Medium Enterprises
<b>USAID</b>	United States Agency for International Development
<b>WEPS</b>	Women Empowerment Principles

## Summary

In 2021, the Government of Georgia approved SME Development Strategy of Georgia for 2021-2025, and related action plans for 2021-2022 and 2023-2025. This document represents the annual report for the 2023 Action Plan of the SME Development Strategy of Georgia for 2021-2025.

The SME Development Strategy of Georgia aligns closely with the core principles outlined in the Small Business Act for Europe (SBA)<sup>1</sup>. It incorporates the best practices in EU member states in implementing the policies for fostering the development of small and medium-sized enterprises.

The main goal of the Strategy is to create a favorable environment for small and medium-sized enterprises and to enhance their competitiveness and innovation capabilities, which will lead to heightened incomes and job creation and, accordingly, the achievement of inclusive and sustainable economic growth.

Due to the effective implementation of the SME Development Strategy of Georgia, targets to be achieved by 2025 are as follows <sup>2</sup> (base year - 2019):

- ✓ A **20%** increase in the added value of small and medium-sized enterprises;
- ✓ A **10%** rise in the number of employees within small and medium-sized enterprises;
- ✓ A **20%** increase in the productivity of small and medium enterprises.

The seven key priority directions of the SME Development Strategy of Georgia encompass 7 impact indicators<sup>3</sup>, 42 tasks and 84 task performance indicators. On the other hand, the **2023-2025 action plan** of the Strategy envisages **145 activities** within 7 priority directions and 42 tasks.

**The first priority direction** envisages improvement of Georgia's legal framework concerning small and medium-sized enterprises, while considering European Union standards and best international practices.

At the initiative of the Ministry of Economy and Sustainable Development of Georgia and with the support of the United Nations Development Program (UNDP), in accordance with the best

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<sup>1</sup> A „small business act“ for European SMEs; <https://eur-lex.europa.eu/EN/legal-content/summary/a-small-business-act-foreuropean-smes.html>

<sup>2</sup> The specified targets can be evaluated by GeoStat based on the data publication schedule

<sup>3</sup> The impact indicators of the 1st, 3rd and 4th priority directions will be evaluated by GeoStat in accordance with the GeoStat calendar; evaluation of the impact indicator of the 2nd priority direction - in accordance with the implementation of the Tracer Study of 2018 VET Program Graduates by the Ministry of Education, Science and Youth of Georgia - in the 2nd quarter of 2023.

international practices and OECD guidelines, RIA SME Test methodology was developed in Georgian and English languages. Trainings on RIA SME Test were conducted for civil servants.

As part of the efforts to reinforce institutional capacity of the SME promotion system, the sustainability of budgetary support for the SME promotion system is guaranteed. Furthermore, training sessions were conducted for staff members of agencies such as Enterprise Georgia, Georgia's Innovation and Technology Agency, and Rural Development Agency. An impact assessment report was also compiled for four programmes under the Enterprise Georgia agency.

To enhance user access to statistical indicators and generate additional indicators, the National Statistics Office of Georgia has uploaded statistical indicators in Excel format onto its website. These indicators are organized by different categories, including enterprise size.

The Georgian Competition and Consumer Agency conducted 7 investigations and monitored 2 markets across different sectors in accordance with the Law of Georgia on Competition. Additionally, several workshops and seminars were organized to promote awareness of alternative dispute resolution mechanisms.

The tenth annual conference of Arbitration Days was organized by the Georgian International Arbitration Centre (GIAC) with support from CLDP and USAID. During the event, four commercial disputes were resolved by the Georgian International Arbitration Centre (GIAC). Additionally, to bolster the institutional capacity of the Mediators Association of Georgia and foster mediation development, an annual forum - mediation for lawyers and an annual forum - mediation for business were organized.

User manuals and video guides for 97 services have been created by the Revenue Service LEPL. Furthermore, the MY.GOV.GE portal incorporates a simplified survey feature, allowing users to access the survey link directly from the portal.

Quarterly meetings were held within the framework of the Private Sector Development Advisory Council to enhance dialogue between the public and private sectors. Georgia's laws were approximated with additional 23 legislative acts. This approximation took place in the areas of sanitary and phytosanitary measures, technical barriers to trade, and public procurement.

**The second priority direction** focuses on fostering the development of small and medium entrepreneurial skills and enhancing entrepreneurial culture. Under this priority, to encourage evidence-based decision-making in the labour market, the Ministry of Economy and Sustainable Development of Georgia prepared a Establishment Skills Survey, followed by a presentation of the findings to a broad audience. Additionally, the Ministry prepared the „Annual Analysis of the Labour Market of Georgia“ to further support these efforts. The report

sheds light on the challenges facing the Georgian labour market, providing insights into labour demand trends, along with conclusions and recommendations. A macroeconomic skills forecasting model was developed to analyze labour demand, supply, and replacement needs over a five-year period. This model was developed through collaboration with the EU Technical Assistance Program and the international consulting firm "Cambridge Econometrics". Furthermore, five individuals received training in administering the forecasting model.

The Labour Inspection Service conducted 3,765 inspections to oversee compliance with occupational safety regulations. These inspections included primary checks on 1,636 premises. Furthermore, the Labour Inspection Service organized 35 informational meetings attended by 1,700 individuals to raise awareness of labour standards. Additionally, 28 information banners, along with 3 informational booklets, were created concerning occupational safety regulations. Moreover, the Labour Inspection Service produced 55 educational/informational videos on various aspects of labour norms, which were uploaded to the Labour Inspection Service's YouTube channel.

Georgia's Innovation and Technology Agency LEPL provided training to 424 individuals, including 227 women, as part of the pre-accelerator programme. Additionally, the Chamber of Commerce and Industry conducted training sessions specifically tailored for small and medium entrepreneurs. Georgia's Innovation and Technology Agency LEPL provided training to 211 individuals, including 106 women, as part of the pre-accelerator programme. Additionally, the Chamber of Commerce and Industry conducted training sessions specifically tailored for small and medium entrepreneurs.

The Ministry of Education, Science and Youth of Georgia, with the support of GIZ, initiated efforts to introduce 5 new dual programmes. Skills Agency Georgia conducted 33 working and consulting meetings related to economic activities with Vocational Education Institutions (VETs). A network of teachers specializing in entrepreneurship vocational education was established, providing regular opportunities for all entrepreneurship module instructors to participate in various meetings and training sessions. Furthermore, the Skills Agency Georgia approved a new entrepreneurship module fully aligned with the European Entrepreneurship Competence Framework. Meanwhile, the Employment Agency commenced training processes in 36 educational institutions as part of the vocational training, retraining, and skills enhancement component for job seekers.

The 7th issue of the corporate sustainability magazine, Sustainability Spotlight, featured 31 articles and interviews focusing on the advancement of sustainable development goals in Georgia and globally. In October 2023, the annual report on the Corporate Sustainability Award was published to showcase projects undertaken by companies to promote corporate

sustainability. Furthermore, information sessions aimed at raising awareness of environmental, social, and governance (ESG) issues were conducted with the private sector, including small and medium-sized enterprises, as part of the UN Global Compact communication on progress.

Within the framework of the Digital Support Programme, the Communications Commission organized seminars in 135 settlements/villages across 7 municipalities targeted by the Log-in Georgia project. These seminars focused on digital literacy and safe internet use.

**The third priority direction** focuses on enhancing access to financial resources for small and medium-sized enterprises (SMEs). Under this priority, efforts have been made to enhance state funding programs, introduce new products, and establish a growth center known as the „Growth Hub“ in Zugdidi for trial purposes. A total of 655 projects received confirmation for loan/leasing interest co-financing through the Enterprise Georgia agency. Additionally, 337 projects were confirmed under the credit guarantee scheme administered by the agency.

The Ministry of Environmental Protection and Agriculture of Georgia implemented co-financing of preferential farm loans and lease rates through the Preferential Agrocredit Project. Additionally, agricultural lands were insured under the Agricultural Insurance Scheme, and the modern orchard planting programme and tea plantation rehabilitation state programme were carried out; Furthermore, funding was allocated for the establishment of processing and storage infrastructure enterprises, financial support was provided for agricultural cooperatives' infrastructure, and the purchase of harvest equipment for farmers was co-financed.

The Georgian Ministry of Economy and Sustainable Development drafted the Law of Georgia on Factoring. As part of the secured transactions reform, an initial version of legislative changes has been formulated. The Ministry is also focused on implementing incentive mechanisms for private and venture capital funds. Additionally, by 2023, notification-based mortgage bond asset registration has been incorporated into the Registry of Movable and Intangible Property Rights (the Registry of Pledge/Leasing Rights) by the National Agency of Public Registry.

To enhance financial literacy, the National Bank conducted various activities, including hosting 20 Facebook Live sessions titled „Business Talks“ on its Facebook page. Moreover, several posts and activities on Finedu focused on subjects such as sustainable development, climate change, sustainable energy, cyber security, consumer rights, and financial education.

The systematic land registration reform is making significant progress. An extensive information campaign was conducted during the reporting period to raise awareness about this reform. As part of the systematic land registration project, by the end of 2023, a total of 2.8 million hectares of land had been successfully registered. This achievement represents 87% of the targeted rate set by the strategy.



To enhance transparency and the quality of financial information from small and medium-sized enterprises (SMEs), measures were taken to ensure that the reports submitted by SMEs complied with regulations and laws, and that these reports were made publicly available. The Accounting, Reporting, and Audit Supervision Service conducted thorough assessments of the statements to ensure adherence to international financial reporting standards. Specifically, 11 public interest entities, 11 first category, and 29 second category entities' reports were thoroughly examined. Notably, there was an increase in the rate of monitoring of the quality management system compared to previous years, with a total of 48 monitoring activities conducted.

Georgia's Innovation and Technology Agency LEPL entered into an agreement with the investment fund „500 Georgia, LLC“, wherein the agency transferred a total of 1,526,139 GEL to the venture fund.

**The fourth priority direction** focuses on advancing SME export capabilities, facilitating market access, and promoting internationalization. Under this priority, LEPL Enterprise Georgia provided support for companies to participate in international exhibitions and other relevant events. Additionally, the Georgian Chamber of Commerce and Industry (GCCCI) offered individual consultations to entrepreneurs concerning export and import-related matters.

The LEPL National Food Agency organized meetings addressing issues related to the Deep and Comprehensive Free Trade Area (DCFTA). Meanwhile, the Enterprise Georgia agency conducted three courses/training sessions for export managers. Additionally, the agency successfully passed through all stages of the international audit concerning „State control of food safety“. Furthermore, in alignment with the commitments made within the EU ENPARD program, the agency obtained ISO 9001:2015 - the internationally recognized standard for quality management.

The International Accreditation Cooperation of Laboratories (ILAC) expanded the scope of multilateral recognition of the Georgian Accreditation Centre. The Georgian National Agency for Standards and Metrology registered a total of 5965 standards. To support micro and small businesses, the Agency launched a programme offering preferential prices on standards. Additionally, standard samples were purchased and provided to the department of physicochemical measurements, while environmental condition recording instruments were purchased for calibration laboratories.

Enterprise Georgia agency held 15 meetings/consultations with business associations to identify companies with investment potential for inclusion in the database.

**The fifth priority direction** focuses on advancing electronic communications, information technologies, innovations, research, and development. Under this direction, co-financing grants for startups and innovations were allocated to support financial and technical aspects of innovative startups, as well as the development and commercialization of innovative products. Four projects with potential for commercialization were selected. Additionally, a new programme called Innovation Grants for Regions was launched to enhance entrepreneurial and innovative ecosystems across various regions. Awareness campaigns and training sessions were conducted covering topics such as e-commerce, digital services, and digital literacy. Legislative proposals were drafted to support the development of broadband infrastructure. 800-km optical fiber highway was built under the state internetization program. Meetings were also organized with the Association of Small and Medium Telecom Operators to identify and address their problems.

**The sixth priority direction** focuses on promoting women's entrepreneurship. Under this priority, efforts were made to economically empower women through various activities. These included organizing information meetings to popularize women empowerment principles (WEPs), conducting training sessions tailored for female entrepreneurs, with an emphasis on e-commerce. Additionally, meetings were arranged for female entrepreneurs to inform them about state-supported programmes. They were also provided with information about both local and international events, and their participation in business forums was encouraged and facilitated.

Important steps were taken, under this priority direction, to incorporate gender perspectives into the state support mechanisms. This included enhancing the production of gender statistics within governmental programmes, mainstreaming gender aspects and facilitating the assessment of programmes through a gender lens. Furthermore, special emphasis was placed on prioritizing women entrepreneurs in the Micro and Small Business Support Programme, resulting in a notable increase in the number of female beneficiaries participating in the programme.

Employees of relevant agencies were offered trainings focusing on gender equality and the eradication of sexual harassment in the workplace.

**The seventh priority direction** envisages the promotion of green economy development. Collaboration with the World Bank is currently ongoing to work out a green growth strategy and an action plan within this framework. Initial research findings pertaining to the strategy were compiled. This document outlines potential areas that the green growth strategy will address in the future. A meeting of Georgia's Green Growth Strategy and Action Plan Working Group was convened as part of these efforts.

In collaboration with its partners, the Enterprise Georgia agency organized information sessions where businesses from the civil sector were briefed on different priority sectors and prospective projects. Additionally, meetings were arranged for companies, public sector entities, and business associations to promote eco-innovation adoption in small and medium-sized enterprises. The eco-innovation approach was integrated into the operations of nine enterprises.

The National Bank of Georgia, in its capacity as the country's central bank, remains committed to developing a sustainable financing framework and fostering the emergence of „green“ financial products to enhance the financial sector's role in the nation's sustainable development. The National Bank prepared a report detailing the current trends and policies concerning sustainable financing in Georgia. This report also analyzes the data provided by commercial banks on Environmental, Social, and Governance (ESG) aspects, and evaluates the progress made in the realm of "green" financial products.

Drafts of by-laws were formulated in accordance with the laws adopted under the Association Agreement with the European Union and the commitments undertaken through membership in the Energy Union. These drafts are currently undergoing the process of approval.

Activities aimed at fostering ecotourism development, including the enhancement of ecotourism infrastructure, were conducted under this priority direction. Notably, the 2024-2026 action plan for the Ecotourism Development Strategy of Georgia was formulated, educational hiking trails were developed, and new protected areas were designated. Additionally, an agrotourism guide along with a corresponding action plan (2023-2026) were devised. Efforts were made to raise awareness among small and medium entrepreneurs regarding environmental issues. Furthermore, informational meetings and training sessions were organized to enhance the understanding of new legal regulations pertaining to the environmental sector.

In accordance with the logical framework of the Strategy, the outcome indicators for targets set to be achieved by 2025 **show a positive trend**, with the level of fulfillment **exceeding 55%**. Out of 145 activities outlined across the seven priority directions of the SME Development Strategy of Georgia and the 2023-2025 Action Plan, **97 activities were completed in full, 15 were mostly completed, 24 were partially completed, and 6 activities have yet to commence. Additionally, 2 activities were cancelled, and 1 activity was suspended in 2023.**

## INTRODUCTION

The SME Development Strategy of Georgia 2021-2025 represents the second policy document in this domain. Its long-term vision is aligned with the core principle of the Small Business Act for Europe - Think Small First.

The economic policy of the Government of Georgia centers on establishing a conducive environment for entrepreneurship and investment, with a focus on fostering the business sector and SMEs in particular. This involves swiftly developing relevant infrastructure and laying a robust foundation for their sustainable growth.

In collaboration with partner agencies, the Ministry of Economy and Sustainable Development of Georgia formulated and had approved by the Government of Georgia in 2021 [the SME Development Strategy of Georgia 2021-2025 along with its Action Plan for 2021-2022](#) (July 13, 2021; N351). [The Action Plan for 2023-2025](#) was subsequently approved in 2022 (November 21, 2022; N532). The strategy adheres fully to all 10 principles outlined in the Small Business Act for Europe and incorporates best practices from EU countries concerning SME development policies.

The Strategy sets out following **targets** for 2025 (baseline year - 2019):

- ✓ A 20% increase in the added value of small and medium-sized enterprises;
- ✓ A 10% rise in the number of employees within small and medium-sized enterprises;
- ✓ A 20% increase in the productivity of small and medium enterprises.

The SME Development Strategy of Georgia 2021-2025 is structured around 7 primary priorities:

- ✓ **Priority 1:** Improving the legislative, institutional and operational environment
- ✓ **Priority 2:** Supporting SMEs skills development and fostering an entrepreneurial culture.
- ✓ **Priority 3:** Enhancing access to finance for SMEs.
- ✓ **Priority 4:** Facilitating the growth of SME exports, market access, and internationalization.
- ✓ **Priority 5:** Fostering the development of electronic communications, information technologies, innovations, and Research and Development.
- ✓ **Priority 6:** Promoting women's entrepreneurship.
- ✓ **Priority 7:** Advancing the development of green economy.

26 Agencies were identified as responsible for carrying out the activities under the Action Plan 2023-2025.

## Responsible agencies

- Ministry of Economy and Sustainable Development
- LEPL Enterprise Georgia
- LEPL Georgia's Innovation and Technology Agency (GITA)
- NNLE Rural Development Agency
- Georgian Chamber of Commerce and Industry
- LEPL United National Accreditation Body - Accreditation Centre
- LEPL Skills Agency Georgia
- LEPL Georgian National Agency for Standards and Metrology
- Office of the Business Ombudsman
- National Bank of Georgia
- LEPL Service for Accounting, Reporting and Auditing Supervision
- Georgian National Competition Agency (GNCA)
- Geostat
- LEPL State Employment Promotion Agency
- LEPL National Agency of Public Registry
- LEPL Labour Inspection Office
- LEPL Environmental Information and Education Centre
- LEPL Agency of Protected Areas
- LEPL Digital Governance Agency
- LEPL Georgian National Tourism Administration
- N(N)LE OpenNet
- Ministry of Education, Science and Youth of Georgia
- Ministry of Justice of Georgia
- Georgian National Communications Commission (GNCC)
- LEPL National Food Agency
- LEPL Revenue Service

To measure progress towards achieving the outcome objectives outlined in the SME Development Strategy of Georgia 2021-2025 and the performance of activities under the action plan, the Economic Policy Department of the Ministry of Economy and Sustainable Development of Georgia has implemented a system for regularly monitoring the action plan.

This document represents 2023 Annual Progress Report of the 2023-2025 Action Plan of SME Development Strategy of Georgia 2021-2025. It has been compiled by the economic policy department of the Ministry of Economy and Sustainable Development of Georgia, acting as the coordinating entity. The report draws upon information provided by the relevant agencies/departments identified within the action plan.

## OVERALL PROGRESS

As part of the SME Development Strategy 2021-2025, the Action Plan for 2023-2025 includes **42 objectives, 84 outcome indicators, and 145 activities.**

According to the logical framework of the Strategy, the outcome indicators for targets set to be achieved by 2025 show a positive trend.

The performance of the Action Plan across all seven priority areas also indicates a **positive trend**. Specifically, out of **145 activities, 97 were completed fully, 15 were mostly completed, 6 have not yet started, 2 were canceled, and 1 was suspended** in 2023

1	26 activities	20 activities: completed 3 activities: partially completed 1 activity: suspended 2 activity: not started
2	27 activities	16 activities: completed 4 activities: mostly completed 7 activities: partially completed
3	29 activities	15 activities: completed 8 activities: mostly completed 4 activities: partially completed 1 activity: cancelled 1 activity: not started
4	18 activities	13 activities: completed 2 activities: partially completed 3 activities: not started
5	14 activities	10 activities: completed 1 activities: mostly completed 2 activities: partially completed 1 activity: cancelled
6	15 activities	11 activities: completed 2 activities: mostly completed 2 activities: partially completed
7	16 activities	12 activities: completed 4 activities – partially completed

## Progress in Detail

Priority 1: Improving the legislative, institutional and operational environment					
Objective 1.1. Improving Georgia's legislative framework concerning small and medium-sized enterprises (SMEs), based on the EU standards and international best practice					
N	Objective outcome indicator				
1.1.1	„Institutional and Regulatory Framework“ component score in OECD “SME Policy Index” survey				
1.1.2	RIA SME test is carried out when making legislative changes				
1.1.3	Customs laws are approximated with relevant EU regulations and customs procedures are simplified				
N	Activity	Status	Progress	Colour	Responsible authority
1.1.1	Piloting RIA SME Test on the draft normative act	Partially completed	30%		The Ministry of Economy and Sustainable Development of Georgia
1.1.2	Developing RIA SME Test methodology/technical manual	completed	100%		The Ministry of Economy and Sustainable Development of Georgia
1.1.3	Providing training on conducting RIA SME test for civil servants	completed	100%		The Ministry of Economy and Sustainable Development of Georgia
Objective 1.2. Institutional improvement of the SME support system and ensuring sustainability					
N	Objective outcome indicator				
1.2.1	The percentage of re-trained personnel confirming that they use the knowledge and skills gained from trainings in daily activities				
1.2.2	Budgetary financing of SME support system				
1.2.3	Assessment of impact on selected state programmes				
N	Activity	Status	Progress	Colour	Responsible authority
1.2.1	Reraining of employees of LEPL Enterprise Georgia	Completed	100%		Ministry of Economy and Sustainable Development of Georgia/LEPL Enterprise Georgia

1.2.2	Reraining of employees of LEPL Georgia's Innovation and Technology Agency	Completed	100%		Ministry of Economy and Sustainable Development of Georgia /LEPL Georgia's Innovation and Technology Agency
1.2.3	Reraining of employees of NNLE Rural Development Agency	Completed	100%		The Ministry of Environmental Protection and Agriculture of Georgia/NNLE Rural Development Agency
1.2.4	Evaluation of the programmes and support mechanisms of LEPL Enterprise Georgia	Completed	100%		Ministry of Economy and Sustainable Development of Georgia/LEPL Enterprise Georgia

### Objective 1.3. Improvement of SME statistics

N	<b>Objective outcome indicator</b>				
1.3.1	Number of sectors with comprehensive SME statistics				
N	<b>Activity</b>	<b>Status</b>	<b>Progress</b>	<b>Colour</b>	<b>Responsible authority</b>
1.3.1	The data can be accessed on the Geostat website in an Excel format that is acceptable to users.	Completed	100%		Geostat
1.3.2	Statistical data is generated based on the size of enterprises.	Completed	100%		Geostat
1.3.3	Main indicators of innovative activities of activities are calculated based on the size of enterprises	Completed	100%		Geostat

### Objective 1.4. Providing a competitive environment

N	<b>Objective outcome indicator</b>				
1.4.1	The rise in the number of entities operating in a relevant market, in accordance with the decisions by the Georgian National Competition Agency.				
1.4.2.	Trainings on competition laws				
1.4.3.	The rise in the number of jobs in a relevant market, in accordance with the decisions by the Georgian National Competition Agency.				
N	<b>Activity</b>	<b>Status</b>	<b>Progress</b>	<b>Colour</b>	<b>Responsible authority</b>
1.4.1	Investigation into alleged violations of the Law of Georgia on Competition and the implementation of market	Completed	100%		Georgian Competition and Consumer Agency



	monitoring by the Georgian Competition Agency				
1.4.2	Assessment of the impact of the Competition Agency's decisions on the competitive environment and the implementation of market monitoring	Completed	100%		Georgian Competition and Consumer Agency
1.4.3	Offering training sessions for both the private and public sectors, including businesses, consulting firms, bar associations, administrative agencies, regulatory bodies, and judges, focusing on competition and/or consumer protection laws.	Completed	100%		Georgian Competition and Consumer Agency

#### Objective 1.5. Speedy and effective resolution of business disputes

N	Objective outcome indicator				
1.5.1.	Annual number of arbitration cases completed				
1.5.2.	Annual number of mediation cases completed				
1.5.3.	Number of applications to business ombudsman				
N	Activity	Status	Progress	Colour	Responsible authority
1.5.1	Administering arbitration and mediation processes	Completed	100%		Georgian Chamber of Commerce and Industry/Georgian International Arbitration Centre (GIAC)
1.5.2	Conducting seminars/workshops, international conferences, and training courses specifically focused on arbitration disputes to enhance awareness of alternative dispute resolution mechanisms.	Completed	100%		Georgian Chamber of Commerce and Industry/Georgian International Arbitration Centre (GIAC)
1.5.3	Running a Consultation Line for businesses at the Office of the Business Ombudsman.	Completed	100%		Office of the Business Ombudsman of Georgia
1.5.4	Informational meetings and consultations with representatives of small and medium-sized enterprises (SMEs) in both Tbilisi and regional areas.	Completed	100%		Office of the Business Ombudsman of Georgia

1.5.5	Organizing a forum aimed at enhancing and promoting awareness of alternative dispute resolution mechanisms (mediation).	Completed	100%		Office of the Business Ombudsman of Georgia
1.5.6	Analyzing the impact of Georgian laws on small and medium-sized enterprises (SMEs) and formulating recommendations	Completed	100%		Office of the Business Ombudsman of Georgia

### Objective 1.6. Increasing access to state electronic services

N	<b>Objective outcome indicator</b>
1.6.1.	Number of services accessible to entrepreneurs on my.gov.ge
1.6.2.	Percentage of customers who find electronic services 1) useful 2) easy to use
1.6.3.	Share of electronically registered applications in the total number of applications received

N	Activity	Status	Progress	Colour	Responsible authority
1.6.1	Creating video tutorials and supplementary user manuals to enhance the accessibility of electronic services.	Partially completed	30%		Ministry of finance of Georgia/Revenue Service
1.6.2	Providing training sessions for entrepreneurs to familiarize them with the usage of the unified portal of e-services (My.gov.ge).	Not started	0%		Ministry of Justice of Georgia/LEPL Digital Governance Agency
1.6.3	Incorporating a feedback mechanism into the unified portal of e-services (My.gov.ge).	Partially completed	30%		Ministry of Justice of Georgia/LEPL Digital Governance Agency

### Objective 1.7. Developing a bankruptcy and rehabilitation system

N	<b>Objective outcome indicator</b>				
1.7.1.	The percentage of cases resulting in enterprise rehabilitation rather than dissolution in the overall number of insolvency proceedings.				
N	Activity	Status	Progress	Colour	Responsible authority

1.7.1	Creating a legal framework to define the categories of insolvency practitioners eligible to handle various types of insolvency cases according to their complexity.	Not started	0%		Ministry of Justice of Georgia
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### Objective 1.8. Raising SME awareness on regulation changes and fostering the development of public-private dialogue

N	Objective outcome indicator				
1.8.1	Number of meetings of the Private Sector Development Advisory Council				
1.8.2	Number of meetings of the Trade Advisory Board and the DCFTA Advisory Group				
1.8.3	Number of EU acts under DCFTA, for the approximation with which draft laws are prepared and uploaded to dcfta.gov.ge for comments				
N	Activity	Status	Progress	Colour	Responsible authority
1.8.1	Holding meetings of the Private Sector Development Advisory Council	Completed	100%		Ministry of Economy and Sustainable Development of Georgia
1.8.2	Organizing meetings of the Trade Advisory Board and the DCFTA Advisory Group	Suspended	10%		Ministry of Economy and Sustainable Development of Georgia
1.8.3	Facilitating a private-public dialogue during the process of approximation with EU legislative acts outlined in the DCFTA	Completed	100%		Ministry of Economy and Sustainable Development of Georgia

## Priority 2. Supporting SMEs skills development and fostering an entrepreneurial culture

### Objective 2.1 Support of evidence-based decisions in the field of labour market

N	Objective outcome indicator				
2.1.1.	The number of presentations/discussions concerning the findings of the studies on labour market needs.				
N	Activity	Status	Progress	Colour	Responsible authority
2.1.1	Conducting research of enterprise demand on skills fully covering sectors of the economy	Completed	100%		Ministry of Economy and Sustainable Development of Georgia

2.1.2	Carrying out sector-specific research to identify enterprises' skill demands	Partially completed	30%		Ministry of Economy and Sustainable Development of Georgia
2.1.3	Preparing an annual analysis of the labour market	Completed	100%		Ministry of Economy and Sustainable Development of Georgia
2.1.4	Developing a macroeconomic model to forecast skills demand	Completed	100%		Ministry of Economy and Sustainable Development of Georgia
2.1.5	Training of the employees on the macroeconomic model of skill forecasting	Completed	100%		Ministry of Economy and Sustainable Development of Georgia

### Objective 2.2. Raising awareness on the need for safe working environment

N	Objective outcome indicator				
2.2.1.	Number of trainings/meetings conducted annually				
2.2.2.	Percentage of participants in trainings or meetings who state that the skills acquired will assist them in enhancing the standard of occupational safety protection or their level of compliance with occupational safety regulations.				
N	Activity	Status	Progress	Colour	Responsible authority
2.2.1	Conducting both initial and follow-up inspections and issuing relevant directives in accordance with the Organic Law of Georgia on Occupational Safety.	Completed	100%		The Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia/LEPL Labour Inspection Service
2.2.2	Conducting trainings/informational/working meetings on safe working environment	Completed	100%		The Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia/LEPL Labour Inspection Service
2.2.3	Preparing informational materials to promote the effective enforcement of occupational safety norms	Completed	100%		The Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia/LEPL Labour Inspection Service

Objective 2.3. Improving entrepreneurial skills through regular trainings					
N	Objective outcome indicator				
2.3.1.	The percentage of entrepreneurs who have received training and believe that the skills and knowledge gained from these sessions will contribute to enhancing their business.				
N	Activity	Status	Progress	Colour	Responsible authority
2.3.1	Within the scope of the Micro and Small Business Support Programme, training of micro and small entrepreneurs in areas such as general entrepreneurship as well as environmental and social issues	Completed	100%		Ministry of Economy and Sustainable Development of Georgia /LEPL Enterprise Georgia
2.3.2	Training on technological skills at the regional innovative centers of LEPL Innovation and Technology Agency	Completed	100%		Ministry of Economy and Sustainable Development of Georgia /LEPL Georgia's Innovation and Technology Agency
2.3.3	Conducting trainings for small and medium entrepreneurs to enhance their entrepreneurial skills	Completed	100%		Chamber of Commerce and Industry of Georgia
Objective 2.4. Developing vocational education system oriented towards entrepreneurship					
N	Objective outcome indicator				
2.4.1.	The number of vocational education and training (VET) institutions that have incorporated entrepreneurial culture concept				
2.4.2.	The number of graduates from short-term vocational training and retraining programmes				
2.4.3.	The number of dual vocational training programs that have been launched				
N	Activity	Status	Progress	Colour	Responsible authority
2.4.1	Carrying out dual vocational training programmes	Partially completed	35%		The Ministry of Education, Science and Youth of Georgia
2.4.2	Providing consultations and trainings on how to implement economic activities to the education institutions established by State or through State participation	Completed	100%		The Skills Agency Georgia
2.4.3	Providing training for vocational education teachers to enhance their entrepreneurial competencies.	Mostly completed	70%		The Skills Agency Georgia

2.4.4	Carrying out vocational training/retraining programmes.	Mostly completed	70%		The Skills Agency Georgia
2.4.5	Incorporating the entrepreneurial culture concept into selected vocational education institutions.	Mostly completed	70%		The Skills Agency Georgia
2.4.6	Implementing the European Entrepreneurial Competences (Entrecomp) framework to enhance the entrepreneurial competencies of vocational students	Mostly completed	35%		The Skills Agency Georgia

**Objective 2.5. Development of Labor Market Information System (LMIS), labor market management information system (WORKNET) and relevant services**

<b>N</b>	<b>Objective outcome indicator</b>				
2.5.1.	The number of service recipients				
2.5.2.	The number of service recipients to be employed				
<b>N</b>	<b>Activity</b>	<b>Status</b>	<b>Progress</b>	<b>Colour</b>	<b>Responsible authority</b>
2.5.1	Digitizing "Skills Enterprise Demand Survey".	Partially completed	35%		Ministry of Economy and Sustainable Development of Georgia
2.5.2	Creating a new concept to improve user-friendliness of Labor Market Information System website (lmis.gov.ge)	Partially completed	35%		Ministry of Economy and Sustainable Development of Georgia
2.5.3	Carrying out activities under the Employment Promotion Subprogramme: providing individual and group counselling services within the Labour Market; job intermediation services; supporting the employment of vulnerable and disadvantaged groups (subsidized employment); organizing an employment forum; monitoring vacancies and carrying out qualitative surveys at least once a year; raising awareness about the Agency's activities; establishing	Completed	100%		The Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia/ LEPL State Employment Promotion Agency

	close cooperation with social partners.				
2.5.4	Developing/updating the Labor Market Management Information System (WORKNET).	Partially completed	35%		The Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia/ LEPL State Employment Promotion Agency
2.5.5	Services under the state programme for job seekers' professional training: professional counselling and career planning service; development of key competencies; job seekers' professional training/retraining/upskilling (internship)	Completed	100%		The Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia/ LEPL State Employment Promotion Agency

### Objective 2.6 Promoting responsible business conduct

N	Objective outcome indicator				
2.6.1.	The number of companies that have undergone training				
2.6.2	ESG manual developed				
2.6.3.	The Number of trained companies maintaining that skills acquired through trainings will help them implement Responsible Business Conduct (RBC) or Environmental, Social, and Governance (ESG) principles.				
N	Activity	Status	Progress	Colour	Responsible authority
2.6.1	Creating ESG (environmental, social, governance) manual for SMEs	Partially completed	35%		Ministry of Economy and Sustainable Development of Georgia /LEPL Enterprise Georgia
2.6.2	Producing an annual publication showcasing best Responsible Business Conduct (RBC) practices.	Completed	100%		Ministry of Economy and Sustainable Development of Georgia /LEPL Enterprise Georgia
2.6.3	Increasing awareness of the ESG Manual by organizing informational sessions with SMEs.	Completed	100%		Ministry of Economy and Sustainable Development of Georgia /LEPL Enterprise Georgia

2.6.4	Co-financing the training of export managers and integrating sustainable development goals and waste management issues into the training programme	Completed	100%		Ministry of Economy and Sustainable Development of Georgia /LEPL Enterprise Georgia
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### Objective 2.7. Promoting the use of digital services through broadband Internet network

N	<b>Objective outcome indicator</b>				
2.7.1.	The number of settlements encompassed by the programmes that support digital literacy, including digital skills training				
N	<b>Activity</b>	<b>Status</b>	<b>Progress</b>	<b>Colour</b>	<b>Responsible authority</b>
2.7.1	Under the "Digital Support Programme," which is the second component of the Log-in Georgia project, promoting the use of digital services among small and medium-sized entrepreneurs in targeted settlements, including by offering tailored training programmes and informational meetings to address their specific digital needs.	Mostly completed	70%		Georgian National Communications Commission (GNCC)

## Priority 3: Improving access to finance

### Objective 3.1. Developing state financing programmes

N	<b>Objective outcome indicator</b>				
3.1.1.	New products developed or existing products renewed				
3.1.2.	The percentage of companies participating in state financing programmes that can secure funding from non-state sources afterward.				
N	<b>Activity</b>	<b>Status</b>	<b>Progress</b>	<b>Colour</b>	<b>Responsible authority</b>
3.1.1	Renewing the existing programmes within LEPL Enterprise Georgia	Completed	100%		Ministry of Economy and Sustainable Development of Georgia /LEPL Enterprise Georgia
3.1.2	Co-financing loan/leasing interest within the Produce in Georgia Programme	Completed	100%		Ministry of Economy and Sustainable Development of Georgia /LEPL Enterprise Georgia



3.1.3	Issuing loan guarantees under the credit guarantee scheme	Completed	100%		Ministry of Economy and Sustainable Development of Georgia /LEPL Enterprise Georgia
3.1.4	Issuing micro grants within the framework of the Micro and Small Business Support Programme	Mostly completed	70%		Ministry of Economy and Sustainable Development of Georgia /LEPL Enterprise Georgia
3.1.5	Co-financing of agrocredit interest rate	Completed	100%		The Ministry of Environmental Protection and Agriculture of Georgia/NNLE Rural Development Agency
3.1.6	Subsidizing insurance premium	Mostly completed	69%		The Ministry of Environmental Protection and Agriculture of Georgia/NNLE Rural Development Agency
3.1.7	Assisting in the development of modern gardens within the “Plant the Future” programme	Mostly completed	63%		The Ministry of Environmental Protection and Agriculture of Georgia/NNLE Rural Development Agency
3.1.8	Rehabilitation of tea plantations	Mostly completed	76%		The Ministry of Environmental Protection and Agriculture of Georgia/NNLE Rural Development Agency
3.1.9	Implementing the project of co-financing of agro-processing and storage enterprises	Completed	100%		The Ministry of Environmental Protection and Agriculture of Georgia/NNLE Rural Development Agency
3.1.10	Financing the infrastructure of agricultural cooperatives	Mostly completed	77%		The Ministry of Environmental Protection and Agriculture of Georgia/NNLE Rural Development Agency

3.1.11	Co-financing the acquisition of agricultural harvesting machinery as part of the Agricultural Machinery Co-Financing Programme.	Mostly completed	91%		The Ministry of Environmental Protection and Agriculture of Georgia/NNLE Rural Development Agency
3.1.12	Offering technical support to Rural Development Agency beneficiaries and agricultural cooperatives for business development within the scope of the Technical Support for Projects Programme.	Mostly completed	72%		The Ministry of Environmental Protection and Agriculture of Georgia/NNLE Rural Development Agency
3.1.13	Implementation of innovation co-financing grants programme	Cancelled	0%		Ministry of Economy and Sustainable Development of Georgia /LEPL Georgia's Innovation and Technology Agency

### Objective 3.2. Developing alternative financing mechanisms

N	<b>Objective outcome indicator</b>				
3.2.1.	<b>Total value of the lease portfolio</b>				
3.2.2.	<b>Legal and regulatory framework of factoring</b>				
N	<b>Activity</b>	<b>Status</b>	<b>Progress</b>	<b>Colour</b>	<b>Responsible authority</b>
3.2.1	Developing a draft law on factoring	Completed	100%		Ministry of Economy and Sustainable Development of Georgia
3.2.2	Developing a legal framework for the reform of secured transactions	Mostly completed	70%		Ministry of Economy and Sustainable Development of Georgia
3.2.3	Introducing and implementing mechanisms that stimulate private/venture capital funds	Partially completed	35%		Ministry of Economy and Sustainable Development of Georgia
3.2.4	Implementing the SAFE instrument (Simple Agreement for Future Equity).	Partially completed	35%		Ministry of Economy and Sustainable Development of Georgia
3.2.5	Developing draft amendments to improve the relevant legal framework regarding leasing	Partially completed	35%		Ministry of Economy and Sustainable Development of Georgia

3.2.6	Developing a legal framework for public funding	Partially completed	35%		Ministry of Economy and Sustainable Development of Georgia
3.2.7	Modernizing the movable property lien registry and creating a notification-based registry system	Completed	100%		Ministry of Justice of Georgia/ National Agency of Public Registry

### Objective 3.3. Further improvement of financial literacy

N	<b>Objective outcome indicator</b>				
3.3.1.	The percentage of training participants who are confident that the knowledge and skills gained from the training sessions will assist them in effectively managing company finances.				
3.3.2.	Sharing educational posts via the social media platform of a financial education portal.				
3.3.3.	Entrepreneurs' financial literacy score.				
N	<b>Activity</b>	<b>Status</b>	<b>Progress</b>	<b>Colour</b>	<b>Responsible authority</b>
3.3.1	Providing a series of Facebook Live sessions titled "Business Talk" on the financial education portal (FinEdu)	Completed	100%		National Bank of Georgia
3.3.2	Sharing educational posts via the social media platform of a financial education portal (FinEdu)	Completed	100%		National Bank of Georgia

### Objective 3.4. Expanding the scope of pledge

N	<b>Objective outcome indicator</b>				
3.4.1.	Area of registered lands				
3.4.2.	Loans secured by real estate				
N	<b>Activity</b>	<b>Status</b>	<b>Progress</b>	<b>Colour</b>	<b>Responsible authority</b>
3.4.1	Carrying out an information campaign to promote the advantages outlined in the land registration reform and systematic land registration framework.	Completed	100%		Ministry of Justice of Georgia/ National Agency of Public Registry
3.4.2	Carrying out the process of registering land rights for planned or surveyed areas as part of a systematic land registration framework.	Completed	100%		Ministry of Justice of Georgia/ National Agency of Public Registry

### Objective 3.5. Improving the transparency and quality of financial information of SMEs

N	<b>Objective outcome indicator</b>				
3.5.1.	Report submission rate				

3.5.2.	The number of trainings and individuals who have undergone training				
3.5.3.	The percentage of accountants who have received training and whose financial reports exhibit improved quality.				
N	Activity	Status	Progress	Colour	Responsible authority
3.5.1	To improve the reporting rate, conducting activities to raise enterprises' awareness about the reporting process, including financial reporting standards.	Completed	100%		Ministry of Finance of Georgia/Service for Accounting, Reporting and Auditing Supervision
3.5.2	Conducting financial statement audits to enhance their adherence to international standards	Completed	100%		Ministry of Finance of Georgia/Service for Accounting, Reporting and Auditing Supervision
3.5.3	Conducting quality management system monitoring	Completed	100%		Ministry of Finance of Georgia/Service for Accounting, Reporting and Auditing Supervision
3.5.4	Translating the latest SME IFRS standards released by the IFRS Foundation, preparing relevant training materials, and conducting training sessions, to assist small and medium-sized enterprises with the adoption of International Financial Reporting Standards (IFRS).	Not started	0%		Ministry of Finance of Georgia/Service for Accounting, Reporting and Auditing Supervision

### Objective 3.6. Further development of "Venture Capital" (VC) and „Business Angels“ ecosystem

N	Objective outcome indicator				
3.6.1.	Investments from "VC" and "business angels" funds annually				
N	Activity	Status	Progress	Colour	Responsible authority
3.6.1	Promoting the conduction of international events in Georgia and facilitating the participation of the agency and startups from Georgia in similar events abroad.	Completed	100%		Ministry of Economy and Sustainable Development of Georgia/LEPL Georgia's Innovation and Technology Agency

## Priority 4: Facilitating the growth of SME exports, market access, and internationalization

### Objective 4.1. Facilitating the use of export capabilities

N	Objective outcome indicator				
4.1.1.	Positive feedback of companies identified through the survey of companies				
4.1.2.	The number of B2B meetings conducted between supported companies and international buyers				
4.1.3.	The number of identified new products/services with export potential				
N	Activity	Status	Progress	Colour	Responsible authority
4.1.1	Supporting and co-financing the participation of Georgian companies in international exhibitions/events	Completed	100%		Ministry of Economy and Sustainable Development of Georgia/LEPL Enterprise Georgia
4.1.2	Conducting feedback research of Georgian companies that were supported to participate in international exhibitions/events	Partially completed	35%		Ministry of Economy and Sustainable Development of Georgia/LEPL Enterprise Georgia
4.1.3	Co-financing the companies as part of the Technical Assistance for Export Promotion Programme.	Partially completed	35%		Ministry of Economy and Sustainable Development of Georgia/LEPL Enterprise Georgia
4.1.4	Conducting individual consultations on export/import; Assisting in finding partners; Assisting in the review of problematic cases between trade partners; Providing information and assistance regarding international projects; Disseminating information worldwide about international exhibitions and events.	Completed	100%		Georgian Chamber of Commerce and Industry

### Objective 4.2. Raising awareness on DCFTA capabilities and requirements

N	Objective outcome indicator				
4.2.1.	The percentage of participants in EU market training who believe in applying their knowledge of the Deep and Comprehensive Free Trade Area (DCFTA) in their daily activities.				
4.2.2.	The number of visitors to the DCFTA.gov.ge webpage				

N	Activity	Status	Progress	Colour	Responsible authority
4.2.1	Conducting meetings and trainings on issues relating to DCFTA	Completed	100%		Ministry of Environmental Protection and Agriculture of Georgia/LEPL National Food Agency
4.2.2	Effective functioning of the DCFTA website	Completed	100%		Ministry of Economy and Sustainable Development of Georgia
4.2.3	Conducting a retraining course for export managers	Partially completed	100%		LEPL Enterprise Georgia

**Objective 4.3: Enhancing the national quality infrastructure, including relevant institutions such as accreditation, metrology, standardization, etc., to align more closely with international and/or European practices**

N	Objective outcome indicator				
4.3.1.	Accreditation fields recognized by international and EU quality infrastructure institutions				
4.3.2.	The number of international and European standards accessible to stakeholders				
4.3.3.	Increased range and/or fields of services offered to stakeholders in metrology, including internationally recognized services				
N	Activity	Status	Progress	Colour	Responsible authority
4.3.1	Extension of recognition of the European co-operation for Accreditation (EA) for proficiency testing providers	Completed	100%		Ministry of Economy and Sustainable Development of Georgia/LEPL Unified National Body of Accreditation - Georgian Accreditation Centre
4.3.2	Applying to the EA for recognition of accreditation for bodies providing audit and certification of management systems, to organize an assessment	Not started	0%		Ministry of Economy and Sustainable Development of Georgia/LEPL Unified National Body of Accreditation - Georgian Accreditation Centre
4.3.3	Extension of international recognition in IAF, based on EA recognition of accreditation for bodies providing audit and certification of management systems	Not started	0%		Ministry of Economy and Sustainable Development of Georgia/LEPL Unified National Body of Accreditation - Georgian Accreditation Centre

4.3.4	Extension of international recognition in ILAC, based on EA recognition for proficiency testing providers	Completed	100%		Ministry of Economy and Sustainable Development of Georgia/LEPL Unified National Body of Accreditation - Georgian Accreditation Centre
4.3.5	Extension of recognition of the European co-operation for Accreditation (EA) in bodies providing audit and certification of management systems	Not started	0%		Ministry of Economy and Sustainable Development of Georgia/LEPL Unified National Body of Accreditation - Georgian Accreditation Centre
4.3.6	Promoting an e-platform of standards, especially supporting micro and small enterprises by offering them preferential rates for accessing these standards	Completed	100%		Ministry of Economy and Sustainable Development of Georgia/LEPL Georgian National Agency for Standards and Metrology
4.3.7	Increasing the number of organizations participating in technical committees overseeing standards and standardization, which are hosted on the electronic platform dedicated to standards.	Completed	100%		Ministry of Economy and Sustainable Development of Georgia/LEPL Georgian National Agency for Standards and Metrology
4.3.8	Providing training sessions for the personnel within the Agency's standards department and experts engaged in technical committees for standardization.	Completed	100%		Ministry of Economy and Sustainable Development of Georgia/LEPL Georgian National Agency for Standards and Metrology
4.3.9	Continuing the process of providing GEOSTM metrology calibration laboratories with advanced equipment to provide new and/or improved services, including at the regional level	Completed	100%		Ministry of Economy and Sustainable Development of Georgia/LEPL Georgian National Agency for Standards and Metrology
4.3.10	Training (including online) for GEOSTM personnel to encompass new services	Completed	100%		Ministry of Economy and Sustainable Development of Georgia/LEPL Georgian National Agency for Standards and Metrology

Objective 4.4. Strengthening investment and SME links					
N	Objective outcome indicator				
4.4.1.	A database of potential local entrepreneurs/providers to be recommended to foreign investors in Georgia (a minimum of 60 direct foreign investment companies).				
N	Activity	Status	Progress	Colour	Responsible authority
4.4.1	Conducting meetings/consultations with business associations to identify prospective companies for inclusion into the database	Completed	100%		Ministry of Economy and Sustainable Development of Georgia/LEPL Enterprise Georgia

## Priority 5: Fostering the development of electronic communications, information technologies, innovations, and Research and Development

Objective 5.1. Development of innovative financing					
N	Objective outcome indicator				
5.1.1.	The number of beneficiaries of innovative financial products offered by the State.				
5.1.2.	The number of small and medium-sized entrepreneurs who, as beneficiaries of State support programmes, have progressed to develop innovative products (at the prototype level) or services.				
N	Activity	Status	Progress	Colour	Responsible authority
5.1.1	Offering co-financing grants of 150,000 GEL for startups	Completed	100%		Ministry of Economy and Sustainable Development of Georgia /LEPL Georgia's Innovation and Technology Agency
5.1.2	Providing small grants of up to GEL 15,000.	Completed	100%		Ministry of Economy and Sustainable Development of Georgia /LEPL Georgia's Innovation and Technology Agency
Objective 5.2. Promoting the development of e-commerce					
N	Objective outcome indicator				
5.2.1.	Number of trained beneficiaries				
N	Activity	Status	Progress	Colour	Responsible authority
5.2.1	Conducting trainings on e-commerce	Completed	100%		Georgian Chamber of Commerce and Industry



5.2.2	Conducting meetings/workshops to raise entrepreneurs' awareness of e-commerce legislation	Completed	100%		Ministry of Economy and Sustainable Development of Georgia
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### Objective 5.3. Accessibility of information technologies

N	Objective outcome indicator				
5.3.1.	Legislative and technical framework for developing broadband networks				
5.3.2.	The number of entrepreneurs who have undergone digital skills training courses				
5.3.3.	The percentage of entrepreneurs who obtained an international certificate, necessary for employment, in the total number of entrepreneurs who have undergone digital skills training.				
N	Activity	Status	Progress	Colour	Responsible authority
5.3.1	Providing ICT training in various regions, covering topics such as front-end development, social media management, copywriting, graphic design, other.	Completed	100%		Ministry of Economy and Sustainable Development of Georgia /LEPL Georgia's Innovation and Technology Agency
5.3.2	A programme aimed at training 5,000 IT specialists in information technologies.	Partially completed	35%		Ministry of Economy and Sustainable Development of Georgia /LEPL Georgia's Innovation and Technology Agency
5.3.3	Drafting a legislative amendment concerning the implementation of universal service	Completed	100%		Ministry of Economy and Sustainable Development of Georgia
5.3.4	Preparing a draft resolution defining the technical specifications for the internal physical infrastructure of the building and access to the building	Completed	100%		Ministry of Economy and Sustainable Development of Georgia
5.3.5	Developing draft rules for the construction of telecommunications infrastructure	Completed	100%		Ministry of Economy and Sustainable Development of Georgia

### Objective 5.4. Development of Broadband Infrastructure

N	Objective outcome indicator				
5.4.1.	The number of populated areas that are covered by internet networks under the State Programme for Broadband Infrastructure Development.				
5.4.2.	The number of populated areas (population <200) in mountainous regions covered by internet networks (community internetization)				
5.4.3.	The total length (Km) of fiber optic networks built in rural areas within the framework of the state programme for the development of broadband infrastructure				

N	Activity	Status	Progress	Colour	Responsible authority
5.4.1	Building a community-based internet network in the settlements of the Autonomous Republic of Adjara	Completed	100%		Ministry of Economy and Sustainable Development of Georgia
5.4.2	Building broadband infrastructure in the target geographical areas in line with the state programme for the development of broadband infrastructure in Georgia	Partially completed	35%		Ministry of Economy and Sustainable Development of Georgia (Programme Coordinator)  N(N)LE OpenNet (project executive)

#### Objective 5.5. Development of small and medium-sized telecommunications operators

N	Objective outcome indicator				
5.5.1.	Solved problems of small and medium-sized telecommunications operators				
N	Activity	Status	Progress	Colour	Responsible authority
5.5.1	Holding meetings with small and medium-sized telecommunications operators to identify the problems facing them.	Completed	100%		Ministry of Economy and Sustainable Development of Georgia
5.5.2	Under the state programme for broadband infrastructure development in Georgia, supporting small and medium-sized telecommunications operators in identifying donor organizations for constructing broadband „last mile“ infrastructure in target geographical areas.	Completed	100%		Ministry of Economy and Sustainable Development of Georgia

#### Objective 5.6. Deepening connection between research and industry

N	Objective outcome indicator				
5.6.1.	The number of technology transfer projects that have moved to the stage of commercialization				
N	Activity	Status	Progress	Colour	Responsible authority
5.6.1	Support for the commercialization of scientific projects in Georgia	Mostly completed	70%		Ministry of Economy and Sustainable Development of Georgia /LEPL Georgia's Innovation and Technology Agency

## Priority 6: Promoting women's entrepreneurship

### Objective 6.1. Popularization of women's empowerment principles (WEPs)

N	Objective outcome indicator
6.1.1.	The number of informational sessions on Women's Empowerment Principles
6.1.2.	The percentage of training participants who agree that the knowledge gained from the training sessions will assist them in promoting gender equality in their endeavors.

N	Activity	Status	Progress	Colour	Responsible authority
6.1.1	Organizing meetings with women entrepreneurs to offer details about the programmes of the Enterprise Georgia agency.	Partially completed	35%		Ministry of Economy and Sustainable Development of Georgia/LEPL Enterprise Georgia
6.1.2	Organizing awareness-raising sessions for company representatives about women's empowerment principles.	Completed	100%		Ministry of Economy and Sustainable Development of Georgia/LEPL Enterprise Georgia
6.1.3	Organizing meetings or training sessions with companies to identify priority areas related to women's empowerment and to increase their awareness of the Women's Empowerment Principles	Completed	100%		Ministry of Economy and Sustainable Development of Georgia/LEPL Enterprise Georgia
6.1.4	Offering information or organizing meetings for women entrepreneurs to provide details about upcoming international and local events, business forums, and facilitating their participation in these events.	Completed	100%		Georgian Chamber of Commerce and Industry

### Objective 6.2. Improving gender-based statistics in state programmes

N	Objective outcome indicator				
6.2.1.	State programme statistics are based on gender				
N	Activity	Status	Progress	Colour	Responsible authority
6.2.1	Producing gender-based statistics of the programmes implemented by Georgia's Innovation and Technology Agency	Completed	100%		Ministry of Economy and Sustainable Development of Georgia/LEPL Georgia's Innovation and Technology Agency

6.2.2	Producing gender-based statistics of the programmes implemented by LEPL Enterprise Georgia	Mostly completed	70%		Ministry of Economy and Sustainable Development of Georgia/LEPL Enterprise Georgia
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### Objective 6.3. Encouraging women's participation in state programmes

#### N Objective outcome indicator

6.3.1. The percentage of women participating in the state programme for Micro Grants.

N	Activity	Status	Progress	Colour	Responsible authority
6.3.1	Implementing the Micro and Small Business Support Programme and prioritizing women entrepreneurs in it	Completed	100%		Ministry of Economy and Sustainable Development of Georgia/LEPL Enterprise Georgia
6.3.2	Carrying out a pilot program tailored for women to integrate economically inactive women into active members of society within pilot municipalities, to enhance their socio-economic status and to encourage their participation in agricultural activities.	Completed	100%		The Ministry of Environmental Protection and Agriculture of Georgia/NNLE Rural Development Agency
6.3.3	Conducting information sessions targeted at women to promote their participation in innovation and technology programmes.	Completed	100%		Ministry of Economy and Sustainable Development of Georgia /LEPL Georgia's Innovation and Technology Agency
6.3.4	Organizing training sessions, workshops, and informational meetings to empower the Regional Extension Centers of the Rural Development Agency, with a specific focus on encouraging female beneficiaries.	Completed	100%		Ministry of Environmental Protection and Agriculture of Georgia/NNLE Rural Development Agency

### Objective 6.4. Strengthening women's digital skills

#### N Objective outcome indicator

6.4.1. The number of women entrepreneurs who have participated in training sessions on digital skills

6.4.2. The percentage of training participants who are confident that the digital skills acquired through training will enhance their business activities.

N	Activity	Status	Progress	Colour	Responsible authority
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6.4.1	Conducting e-commerce training for women entrepreneurs	Completed	100%		Georgian Chamber of Commerce and Industry
6.4.2	Organizing technology camps for women.	Partially completed	35%		LEPL Georgia's Innovation and Technology Agency

### Objective 6.5. Enhancing the state institutions' capacities to develop gender-based approaches

N	<b>Objective outcome indicator</b>				
6.5.1.	The number of training sessions conducted to develop gender-based approaches.				
6.5.2.	The percentage of training participants who believe that the skills acquired through training will be useful in terms of integrating gender-based approaches into their activities				
N	Activity	Status	Progress	Colour	Responsible authority
6.5.1	Providing training for LEPL Enterprise Georgia Agency's employees on topics related to gender equality, and integrating gender principles into program organization and analysis processes.	Mostly completed	70%		Ministry of Economy and Sustainable Development of Georgia/LEPL Enterprise Georgia
6.5.2	Training employees on how to ensure the efficient operation of the institutional gender equality mechanism within the LEPL Georgia's Innovation and Technology Agency.	Completed	100%		Ministry of Economy and Sustainable Development of Georgia /LEPL Georgia's Innovation and Technology Agency
6.5.3	Training civil servants on topics such as gender equality, gender impact analysis, gender-sensitive planning, evaluation, monitoring, and gender budgeting.	Completed	100%		Ministry of Economy and Sustainable Development of Georgia

## Priority 7: Advancing the development of green economy

### Objective 7.1. Developing Green Growth Strategy

N	<b>Objective outcome indicator</b>				
7.1.1.	Green Growth Strategy 2022-2027 and its Action Plan				
N	Activity	Status	Progress	Colour	Responsible authority

7.1.1	Developing Green Growth Strategy 2024-2029 and its Action Plan	Partially completed	25%		Ministry of Economy and Sustainable Development of Georgia
<b>Objective 7.2. Promoting the eco-innovative approach</b>					
N	<b>Objective outcome indicator</b>				
7.2.1.	The number of companies with which information meetings were held				
7.2.2.	The number of SMEs implementing an eco-innovative approach				
N	<b>Activity</b>	<b>Status</b>	<b>Progress</b>	<b>Colour</b>	<b>Responsible authority</b>
7.2.1	Organizing awareness-raising sessions for companies, public sector and business associations to popularize eco-innovation approaches in small and medium-sized enterprises	Completed	100%		Ministry of Economy and Sustainable Development of Georgia/LEPL Enterprise Georgia
<b>Objective 7.3. Developing green-financing mechanism</b>					
N	<b>Objective outcome indicator</b>				
7.3.1.	Availability of green financial products				
7.3.2.	Taxonomy of sustainable finance				
N	<b>Activity</b>	<b>Status</b>	<b>Progress</b>	<b>Colour</b>	<b>Responsible authority</b>
7.3.1	Developing a new guide as part of the development of a sustainable financing framework	Partially completed	25%		National Bank of Georgia
7.3.2	Implementing the adopted regulation on sustainable finance taxonomy	Completed	100%		National Bank of Georgia
<b>Objective 7.4. Developing a legislative framework</b>					
N	<b>Objective outcome indicator</b>				
7.4.1.	The legislative framework is approximated with EU legislation				
N	<b>Activity</b>	<b>Status</b>	<b>Progress</b>	<b>Colour</b>	<b>Responsible authority</b>
7.4.1	Developing normative acts in compliance with the Law of Georgia on Energy Labelling	Completed	100%		Ministry of Economy and Sustainable Development of Georgia
7.4.2	Developing technical regulations on ecodesign	Completed	100%		Ministry of Economy and Sustainable Development of Georgia

7.4.3	Continuating the process of approximating the legislative framework with the relevant EU legislation as envisaged by the DCFTA	Partially completed	30%		Ministry of Economy and Sustainable Development of Georgia
7.4.4	Elaborating normative acts in compliance with the Law of Georgia on Energy Efficiency	Completed	100%		Ministry of Economy and Sustainable Development of Georgia
7.4.5	Elaborating normative acts in compliance with the Law of Georgia on Promoting the Production and Use of Energy from Renewable Sources	Partially completed	40%		Ministry of Economy and Sustainable Development of Georgia
7.4.6	Developing normative acts in accordance with the Law of Georgia on Energy Efficiency of Buildings.	Completed	100%		Ministry of Economy and Sustainable Development of Georgia

#### Objective 7.5. Developing eco-tourism

N	Objective outcome indicator				
7.5.1.	Eco-tourism strategy 2021-2031 and action plan of Georgia				
7.5.2.	Trails built for the development of ecotourism infrastructure				
7.5.3.	Increased area of protected territories				
N	Activity	Status	Progress	Colour	Responsible authority
7.5.1	Organizing trails	Completed	100%		Ministry of Environmental Protection and Agriculture of Georgia/Agency of Protected Areas
7.5.2	Establishing and/or expanding protected areas	Completed	100%		Ministry of Environmental Protection and Agriculture of Georgia/Agency of Protected Areas
7.5.3	Organizing hiking trails	Completed	100%		Ministry of Economy and Sustainable Development of Georgia/National Tourism Administration

7.5.4	Developing an agrotourism guide and a corresponding action plan	Completed	100%		Ministry of Economy and Sustainable Development of Georgia/National Tourism Administration
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### Objective 7.6. Raising small and medium entrepreneurs' awareness about environmental issues

N	<b>Objective outcome indicator</b>				
7.6.1.	The percentage of training graduates who believe that the knowledge gained from training courses will assist them in implementing environmental measures				
N	Activity	Status	Progress	Colour	Responsible authority
7.6.1	Conducting trainings on green approaches for small and medium entrepreneurs	Completed	100%		Ministry of Environmental Protection and Agriculture of Georgia/ LEPL Environmental Information and Education Centre
7.6.2	Organizing awareness-raising meetings on new environmental regulations	Completed	100%		Ministry of Environmental Protection and Agriculture of Georgia/LEPL Environmental Information and Education Centre



## **PRIORITY 1. IMPROVEMENT OF LEGISLATIVE, INSTITUTIONAL AND OPERATIONAL ENVIRONMENT**

The aim of improving legislative, institutional and operational environment is to create small and medium enterprises **focused on sustainable development and to enhance their operational capabilities**. The impact indicator for this objective, as part of the key priority mentioned above, is a rise in SME production (baseline year 2019 – GEL 27.7 billion; target: 20% increase by 2025).

The nominal value of goods produced by SMEs in 2022 reached 36.9 billion GEL, marking a 33.1% increase compared to the corresponding figure for 2019.<sup>4</sup> ამასთან, 2023 წლის 3 Furthermore, based on the data from the third quarter of 2023, the nominal volume of products released by small and medium enterprises (SMEs) amounted to 29.1 billion GEL, indicating a 45% increase compared to the third quarter of 2019.

**First priority direction – Improvement of legislative, institutional and operational environment – involves 8 Objectives and 26 activities**

### **Objective 1.1. Improving Georgia's legislative framework concerning small and medium-sized enterprises (SMEs), based the EU standards and international best practice**

**Objective outcome indicator 1.1.1: „Institutional and Regulatory Framework“component score in OECD Survey“SME POLICY INDEX“ OECD”**

In the OECD "SME POLICY INDEX 2024" survey, Georgia's score in the "institutional and regulatory framework" component improved, rising to 4.37 points from a baseline of 4.20 points.

The survey of the Organization for Economic Cooperation and Development (OECD) “SME Policy Index<sup>5</sup> (SME Policy Index) evaluates countries based on the alignment of their support policies for small and medium businesses with the principles outlined in the European Small Business Act.

The index evaluates Georgia, together with Eastern Partnership (EaP) countries (Armenia, Azerbaijan, Belarus, Moldova, Ukraine) in 12 directions of small and medium business policy,

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<sup>4</sup> Statistics for 2023, based on Geostat calendar, will be available in October 2024

<sup>5</sup> OECD, SME Policy Index: Eastern Partner Countries 2020, see <https://www.oecd.org/publications/sme-policy-index-eastern-partner-countries-2020-8b45614b-en.htm>

further divided into 37 sub-components. In December 2023, the Organization for Economic Cooperation and Development (OECD) released the 2024 SME Policy Index Scores. Similar to the previous assessment, Georgia maintains its position as the clear frontrunner among the Eastern Partnership countries and ranks first in 11 out of 12 areas. One of the components of the Index is the Institutional and Regulatory Framework, in which Georgia stands out as the top performer with its 4.37 score<sup>6</sup>(baseline: 4.20).

SME Policy Index is published every four years. SME Policy Index 2024 represents the 4<sup>th</sup> round of the survey conducted after 2012, 2016 and 2020 surveys.

Institutional and Regulatory Framework assesses whether the State has a long-term SME strategy and an action plan, with due regard for relevant indicators and financial resources.

The adoption of the SME Development Strategy 2021-2025 based on the analysis of results achieved within the 2016- 2020 Strategy and in response to existing challenges, fully complies with best international practice, as well as with requirements of the Small Business Act of Europe. Therefore, the successful implementation of the Strategy is a real precondition for the effective assessment of the 4th round of SME Policy Index.

#### **Objective outcome indicator 1.1.2: RIA SME test is carried out when making legislative changes**

One of the priorities of improvement of institutional and regulatory framework is the establishment of a business regulation impact assessment (RIA) system. This includes conducting an RIA SME test when implementing legislative changes, based on EU and international best practice.

The Ministry of Economy and Sustainable Development of Georgia, in collaboration with the United Nations Development Program (UNDP), has introduced the RIA SME Test methodology. The purpose of the mentioned methodology is to facilitate the practical use of the RIA SME Test tool. Prior to developing this methodology, the Ministry of Economy and Sustainable Development conducted a regulation impact assessment of the draft law on Amendments to the Product Safety and Free Movement Code. The assessment analyzed how the proposed alternatives would affect small and medium-sized enterprises (SMEs). It affirmed that the selected policy alternative brings substantial economic advantages, particularly benefiting SMEs, and improves competitiveness in the market.

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<sup>6</sup>Note: In relation to small and medium enterprises, countries are assessed by 5-point rating scale ranging from 1 to 5 points, where 5 is the highest score.

### **Objective outcome indicator 1.1.3: Customs laws are approximated with relevant EU regulations and customs procedures are simplified**

Drafts of the decree by the Government of Georgia and the order by the Minister of Finance of Georgia were prepared in line with the new customs code. These drafts will undergo initiation and adoption following the established procedures and regulations.

#### **Activity 1.1.1: Piloting RIA SME Test on the draft normative act**

The Ministry of Economy and Sustainable Development conducted a regulation impact assessment of the draft law on Amendments to the Product Safety and Free Movement Code. The assessment analyzed the impact of alternatives on small and medium-sized businesses, in particular, the regulatory compliance costs and the impact on competitiveness. It affirmed that the selected policy alternative brings substantial economic advantages, particularly benefiting SMEs, and improves competitiveness in the market.

An essential prerequisite for completing the RIA SME Test report is the development of the RIA SME Test methodology, with the support supported by the United Nations Development Program (UNDP). The pilot implementation of the complete RIA SME Test on the draft normative act is scheduled for 2024.

#### **Activity 1.1.2: Developing RIA SME Test methodology/technical manual**

In 2023, at the initiative of the Ministry of Economy and Sustainable Development of Georgia and with the support from the United Nations Development Program (UNDP), the RIA SME Test methodology was developed in both Georgian and English languages, through the collaboration with the ISET Research Institute and international experts, following the best international practices and OECD guidelines. The goal of this methodology is to facilitate the practical use of the RIA SME Test tool. To achieve this objective, the guide is integrated with Excel, featuring pre-activated examples and corresponding formulas for enhanced simplicity. These elements collectively make the methodological guide highly convenient and user-friendly.

#### **Activity 1.1.3: Conducting trainings on RIA SME Test.**

In November 2023, the Ministry of Economy and Sustainable Development of Georgia, in collaboration with the United Nations Development Program (UNDP), organized training sessions on the RIA SME Test. These trainings involved the participation of the ISET Research Institute and international experts. The first training took place on 15-16 November, with 15 civil servants attending, while the second training was held on 20-22 November, with 30 civil servants participating.

## **Objective 1.2. Institutional Improvement of the SME support system and ensuring sustainability**

**Objective Outcome Indicator 1.2.1: The Percentage of re-trained personnel confirming that they use the knowledge and skills gained from trainings in daily activities**

Within institutional improvement of SME support system, trainings were conducted for personnel of the agencies: Enterprise Georgia, Georgia's Innovation and Technology Agency (GITA) and NNLE Rural Development Agency (RDA). The trainings offered during the reporting period helped the personnel acquire skills and knowledge relevant to their daily tasks, perform operations effectively and ensure process management. According to the survey, 81% of the trained employees are applying the knowledge they gained in their daily activities, surpassing the target rate of 70%.

**Objective outcome indicator 1.2.2: Budgetary financing of SME support system**

The budgetary financing allocated to the SME support system in 2023 totaled GEL 492.1 million, exceeding the target of GEL 237.7 million. Specifically, the budget for LEPL Enterprise Georgia programmes amounted to GEL 202.1 million, while Georgia's Innovation and Technology Agency had a budget of GEL 20.8 million. Additionally, the Rural Development Agency was allocated GEL 269.2 million for various projects and programmes.

**Objective outcome indicator 1.2.3. Assessment of Impact on selected state programmes**

In 2023, an impact assessment report was prepared on the following four programmes of LEPL Enterprise Georgia agency (target: 4 programmes): 1. Micro and Small Business Support Programme; 2. Export Promotion Programme; 3. Credit Guarantee Scheme; 4. Loan/leasing interest co-financing programme (industrial, universal).

### **Activity 1.2.1: Retraining of employees of LEPL Enterprise Georgia**

In 2023, 55 employees from the Enterprise Georgia agency participated in various training sessions, including Excel, Power BI & SQL, English language classes, gender equality workshops, public procurement seminars, and accounting and reporting courses.

### **Activity 1.2.2: Retraining of employees of LEPL Georgia's Innovation and Technology Agency**

Throughout the reporting period, 15 employees from Georgia's Innovation and Technology Agency received training and retraining in various areas, including "Gender budgeting," "Labor law," "Workplace safety," "Tax regulations for organizations engaged in economic activities," "Mandatory and selective inventory in budget organizations," "Policy planning,

monitoring, and evaluation," "Communication standards when serving individuals with disabilities," other.

### **Activity 1.2.3: Retaining of employees of NNLE Rural Development Agency**

A total of 298 employees from the "Rural Development Agency" (RDA) underwent training as part of various programs. Specifically, in 2021-2022, as part of the USAID project "Human and Institutional Capacity Development" (HICD), a study on training needs was developed and carried out in 2023.

### **Activity 1.2.4: Evaluation of the programmes and support mechanisms of LEPL Enterprise Georgia**

In 2023, an impact assessment report was prepared for 4 programmes of the Enterprise Georgia agency, namely:

- Micro and small enterprise support program;
- Export promotion program;
- Credit guarantee scheme;
- Loan/leasing interest co-financing programme (industrial, universal sectors).

## **Objective 1.3. Improvement of SME statistics**

### **Objective Outcome Indicator 1.3.1: Number of sectors with comprehensive SME statistics**

Seven statistical indicators pertaining to small and medium entrepreneurship are currently accessible, with the target indicator set at eight.

To enhance user access to statistical indicators and generate supplementary indicators, GeoStat added additional tables on its website focusing on fixed assets, profit, loss, and labor productivity.

The statistical business register portal now includes a section in the reports segment that presents data on registered and active entities categorized by enterprise size.

Additionally, the calculation of key indicators related to the innovative activities of enterprises based on their size has been completed. These indicators will be made accessible on the GeoStat website during the first quarter of 2024.

**Activity 1.3.1: The data can be accessed on the Geostat website in an Excel format acceptable to users.**

The National Statistics Office of Georgia has uploaded indicators in Excel format on its website, organized into various sections, including categories based on the size of enterprises. These sections cover the following areas<sup>7</sup>:

- Fixed assets
- Profit and loss
- Labour productivity

### **Activity 1.3.2: Statistical data is generated based on the size of enterprises**

The National Statistics Office of Georgia published statistical information categorized according to the size of enterprises on its website<sup>8</sup>.

### **Activity 1.3.3: Main indicators of innovative activities of enterprises are calculated based on the size of enterprises**

The design of tables for investigating the innovative activity of enterprises was finalized. Information regarding the main indicators of innovative activity of enterprises, categorized by enterprise size, will be published on the website during the first quarter of 2024 following the GeoStat calendar.

## **Objective 1.4. Providing a competitive environment**

**Objective Outcome Indicator 1.4.1: The rise in the number of entities operating in a relevant market, in accordance with the decisions by the Georgian National Competition Agency**

The decisions of the Agency and the impact assessment report are not made in the same year. As a result, the impact of the cases completed within the scope of 2023 will be evaluated in subsequent years' impact assessment reports.

**Objective Outcome Indicator 1.4.2: Trainings on competition laws**

In 2023, the Competition and Consumer Protection Agency of Georgia held a total of 4 trainings and 1 conference for representatives of various sectors (target figure - 3 trainings/conferences/seminars annually).

The Agency's advocacy plan for the years 2024-2025 has been approved with the support of the EU TWINNING project. This plan encompasses trainings and activities tailored for

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<sup>7</sup> Geostat: <https://www.geostat.ge/ka/modules/categories/326/sacarmota-statistikuri-gamokvleva>

<sup>8</sup> Geostat: <https://www.geostat.ge/ka/modules/categories/326/sacarmota-statistikuri-gamokvleva>

representatives from diverse sectors, focusing on competition policy and safeguarding consumer rights.

**Objective Outcome Indicator 1.4.3: The rise in the number of jobs in a relevant market, in accordance with the decisions by the Georgian National Competition Agency.**

The Georgian Competition and Consumer Agency developed and released 2 market monitoring and guidance documents detailing the methodology for conducting impact assessments on the competitive environment.<sup>9</sup>

The Competition and Consumer Agency of Georgia conducts individual assessments of the impact of each decision or monitoring case on specific markets. Additionally, various markets are monitored based on the Agency's activities. In 2023, the Competition and Consumer Agency of Georgia conducted monitoring of the bancassurance market, as well as of the liquid and natural gas markets. It is important to note that the decisions of the Agency and the impact assessment report are not made in the same reporting year. As a result, the impact of the cases completed within the scope of 2023 will be evaluated in subsequent years' impact assessment or monitoring reports.

#### **Activity 1.4.1: Investigation into alleged violations of the Law of Georgia on Competition and the implementation of market monitoring by the Georgian Competition Agency**

In 2023, the Competition and Consumer Agency of Georgia completed a total of 7 investigations and conducted 2 market monitoring exercises across diverse sectors, based on different articles of the Law of Georgia on Competition. Through these investigation and monitoring efforts, along with the imposition of sanctions on law-violating economic entities, several recommendations were issued. These recommendations were aimed at improving the competitive environment within the markets and subsequently eliminating barriers for other entities to enter those markets.<sup>10</sup>

✓ The Competition and Consumer Agency of Georgia completed its research of the automotive fuel market, focusing on the issue of maintaining high prices in the retail automotive fuel market from March to August 2022. Financial sanctions were imposed on the economic agents found to be in violation of the law. Additionally, a mandatory recommendation was issued to the LEPL Revenue Service responsible for metrological verification/calibration control of fuel metering columns, to ensure a competitive environment in the relevant market.

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<sup>9</sup> <https://gcca.gov.ge/>

✓ The Agency conducted an investigation following a complaint from "Delta Development Group" LTD, regarding the alleged violation of Articles 6 and 7 of the Law of Georgia on Competition. It was determined that there was a violation of Article 7 of the law. Consequently, appropriate sanctions were imposed on the violating economic agents, along with an order to cease their anti-competitive actions. In 2023, the agency reopened administrative proceedings, confirmed that the violation of the law by the respondent economic agents had not been eliminated, and once again applied the appropriate sanction.

✓ The agency finalized the investigation following a complaint from MGL GEORGIA Ltd regarding an alleged violation of Article 6 and Article 113 of the Law of Georgia on Competition by JNS Georgia Ltd. The information received and processed within the investigation did not confirm any violation of the law by the respondent economic agent.

✓ Following a complaint from Engineering Monitoring Group LLC, the Agency concluded its investigation. Based on the Agency's decision, the respondent administrative bodies and other state procurement organizations were directed to ensure adherence to the principles of competition when formulating tender conditions.

✓ Following a complaint from Tsereteli Mexican Ltd, the agency finalized the investigation, which confirmed a violation of Article 113 of the Law of Georgia on Competition by Mexican Hot Dog Tsereteli Ltd and Mexican Tsereteli N1 Ltd. As a result, these companies were imposed the appropriate financial sanctions and were instructed to rectify the violation of the law.

✓ Under the state financing programme for oncological medicines, the Agency identified a violation by four companies of Article 7, Clause 1, Sub-Clause A (price fixing) of the Law of Georgia on Competition. The agency imposed appropriate financial sanctions on the companies found to have broken the law. Additionally, a mandatory recommendation aimed at improving the competitive environment in the market was issued to the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health, and Social Affairs of Georgia for review.

✓ The Agency identified a violation of Article 7, Paragraph 1, Sub-Clause B (restriction of production, market, technological development, or investments) of the Law of Georgia on Competition in the market for online sale of movie/theatre tickets. Consequently, appropriate financial sanctions were imposed on the economic agents found to have violated the law. To enhance the market for online sales of tickets for various events and services such as cultural, entertainment, creative, sports, leisure, tourism, educational, transportation, and others, three recommendations were issued to relevant entities.



### Activity 1.4.2: Assessment of the impact of the Competition Agency's decisions on the competitive environment and the implementation of market monitoring

✓ The Georgian Competition and Consumer Agency completed two market monitoring reports: one on the bancassurance market and the other on the liquid and natural gas market.

✓ The Agency completed its monitoring of the bancassurance market, which involves the sale of insurance products when selling credit products by commercial banks. As part of this process, the Agency issued six mandatory recommendations for consideration aimed at improving the competitive environment within the market.

✓ According to the Agency, due to the structural connections, both direct and indirect, between commercial banks and insurance companies, along with specific remuneration schemes, there's a potential for conflicts of interest. This situation could lead to customers opting for or being offered products from an insurance company that may not necessarily be the most suitable choice for them in a given scenario.<sup>11</sup>

✓ As part of the monitoring of the automotive liquid and natural gas market, various levels of the market were assessed, including import, wholesale, and retail segments. According to the findings of the report, the market features a considerable number of active economic entities and a low Herfindahl-Hirschman index. Therefore, the Agency views the relevant market/markets as competitive and does not deem it necessary to continue its monitoring.<sup>12</sup>

In addition, the Agency prepared and published a guide on the assessment of the impact of its decisions on the competitive environment and the monitoring over the implementation of the mandatory recommendations for review purposes.<sup>13</sup>

### Activity 1.4.3: Offering training sessions for both the private and public sectors, including businesses, consulting firms, bar associations, administrative agencies, regulatory bodies, and judges, focusing on competition and/or consumer protection laws.

At the initiative of the Agency, and with the support of the EU-funded TWINNING project, two training sessions were conducted for representatives of the judicial system. The first seminar focused on discussing the current challenges of competition law, international

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<sup>11</sup> [https://gcca.gov.ge/uploads\\_script/decisions/tmp/php7HnoEF.pdf](https://gcca.gov.ge/uploads_script/decisions/tmp/php7HnoEF.pdf)

<sup>12</sup> [https://gcca.gov.ge/uploads\\_script/decisions/tmp/phpKJMTzX.pdf](https://gcca.gov.ge/uploads_script/decisions/tmp/phpKJMTzX.pdf)

<sup>13</sup> [https://gcca.gov.ge/uploads\\_script/legislation/tmp/phpP7ceXL.pdf](https://gcca.gov.ge/uploads_script/legislation/tmp/phpP7ceXL.pdf)

practices, and adopted decisions. The second seminar addressed current issues concerning consumer rights protection policies.<sup>13</sup>

Furthermore, at the Agency's initiative, a training session was conducted in collaboration with the Business Association of Georgian Employers. The session extensively covered the practical dimensions of competition policy and the protection of consumer rights.<sup>14</sup>

Additionally, as part of the TWINNING project funded by the European Union, training sessions were organized for the business sector and business associations. The topics covered during these sessions focused on the implementation and enforcement of competition policy.<sup>15</sup>

The second international conference "Competition and Consumer Rights" was organized jointly by the five regulatory agencies - the Competition and Consumer Agency of Georgia, the National Bank, the Georgian National Energy and Water Supply Regulatory Commission, the Insurance State Supervision Service and the Communications Commission. More than 200 representatives from various sectors attended the conference, where discussions revolved around current issues in competition policy and the protection of consumer rights.<sup>16</sup>

## **Objective 1.5. Speedy and effective resolution of business disputes**

### **Objective Outcome Indicator 1.5.1: Annual number of arbitration cases completed**

During the reporting period, the Georgian International Arbitration Centre (GIAC) resolved 4 commercial disputes. From 2021 to 2023, the GIAC concluded a total of 18 cases, with 65% of these cases involving small and medium-sized enterprises.

### **Objective Outcome Indicator 1.5.2: Annual number of mediation cases completed.**

By the end of 2023, a total of 20 court mediation centers were established and are operational across the country. Within the specified period, 291 cases were referred to these 20 court mediation centers. Throughout the year, 244 cases were reviewed, accounting for 83.8% of all cases, with 85 cases being successfully settled amicably, representing 34.8% of the resolved cases. Additionally, the Association of Mediators reviewed 2 cases, both of which resulted in settlements.

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<sup>13</sup> [https://gcca.gov.ge/index.php?m=370&news\\_id=1283](https://gcca.gov.ge/index.php?m=370&news_id=1283), [https://gcca.gov.ge/index.php?m=370&news\\_id=1322](https://gcca.gov.ge/index.php?m=370&news_id=1322)

<sup>14</sup> [https://gnca.gov.ge/index.php?m=370&news\\_id=1396](https://gnca.gov.ge/index.php?m=370&news_id=1396)

<sup>15</sup> [https://gnca.gov.ge/index.php?m=370&news\\_id=1411](https://gnca.gov.ge/index.php?m=370&news_id=1411)

<sup>16</sup> [https://gnca.gov.ge/index.php?m=370&news\\_id=1403](https://gnca.gov.ge/index.php?m=370&news_id=1403)

Between 2021 and 2023, a total of 567 cases were submitted for mediation, with 272 cases settled amicably, representing 48% of the completed cases. The base rate for mediations during this period was set at 150 mediations.

As a result, in 2023, out of 293 mediations conducted, the review of 246 cases were completed (84%), and 87 cases were settled amicably representing 35.4% of the completed cases (29.7% of all cases).

In 2023, based on the decision of the Tbilisi City Court judge, 218 cases were referred to mediation. Throughout the year, 182 cases were successfully completed, while proceedings were not concluded in 25 cases, and proceedings were terminated in 11 cases. Among the completed cases, 56 cases were settled amicably, accounting for 26% of the total cases referred to mediation and 31% of the cases that were successfully completed.

In 2023, a total of 62 cases were transferred to Rustavi City Court mediation. During that year, 58 cases were successfully completed, out of which 29 cases were resolved by agreement of the parties, accounting for 50% of the completed cases. Among these cases, 18 involved family legal disputes, 13 were disputes arising from loan agreements, 30 were related to disputes arising from property relations, and 1 case was related to non-fulfillment of contractual obligations. Throughout the year, 88 court mediations were conducted for 62 cases. Subsequently, 29 cases were returned to the judge for the resumption of proceedings, 1 case saw the party withdrawing the lawsuit, and 3 cases are still undergoing judicial mediation.

In 2023, three cases (two inheritance cases and one neighborhood dispute) were referred to Mtskheta District Court mediation, but all the three cases were terminated due to disagreement. Additionally, two cases were transferred to Gurjaani District Court mediation and one case to Bolnisi District Court mediation, but these cases were not completed during the year. Furthermore, five cases were referred to Gori District Court mediation, but only one case was completed. The Mediators Association of Georgia conducted two mediations in 2023, both of which ended in settlements.

### **Objective Outcome Indicator 1.5.3: Number of applications to business ombudsman**

In 2023, the Business Ombudsman received a total of 248 appeals, with over 80% of them originating from small businesses. This represents an 80% decrease compared to the baseline figure of 1253 referrals.

### Activity 1.5.1: Administering arbitration and mediation processes

During the reporting period, the Georgian International Arbitration Centre (GIAC) resolved four commercial disputes. These disputes stemmed from contractual relationships in various sectors such as construction, purchase and sale, and industrial activities. Notably, all parties involved in these disputes were legal entities, and the disputes themselves had an international dimension, involving at least one foreign company. To enhance awareness of Alternative Dispute Resolution (ADR) mechanisms, several workshops and seminars were organized. One notable event was a workshop held in collaboration with the courts, focusing on the practice and legal complexities of arbitration and ADR in construction disputes.

With the support of the USAID Rule of Law Programme, the "Institutional and Mediation Development Project of the Mediators Association of Georgia" undertook various activities to inform citizens about mediation and enhance awareness. These activities included "Try Mediation" meetings held in different regions, similar meetings with new members of the Bar Association, and sessions designed to facilitate the exchange of experiences among mediators. As part of the programme, training sessions were conducted for the Association's members who are mediators. The training sessions covered topics such as "Mediator as a case manager" and "Procedural law for mediation."

With the support of the United Nations Development Programme and Germany, as part of the project "Improving the rule of law and access to justice for all" in 2023, the following activities were carried out: "Try Mediation" meetings and trainings were conducted with business schools; Similar "Try Mediation" sessions were organized with members of the Bar Association; Workshops were held for the committee of young lawyers of the Georgian Bar Association; "Try Mediation" meetings and trainings focused on women's empowerment were conducted, along with sessions for representatives of ethnic minorities in Samtskhe Javakheti and Kvemo Kartli; An interdisciplinary forum named "Mediation Week" took place; A regional conference was held with the participation of mediators from Azerbaijan, Ukraine, Armenia, and Moldova.

With support from the Council of Europe office in Georgia, awareness-raising campaigns focused on mediation were carried out. These campaigns included the preparation and printing of leaflets, as well as the creation of a 30-second video that was aired on television, online media platforms, and regional broadcasters.

As of 2023, mediation centres were established in various locations including Tbilisi, Rustavi, Kutaisi, Batumi, Gori, Bolnisi, Telavi, Gurjaani, Sagarejo, Dedoplistskaro, Mtskheta, Akhaltsikhe, Khelvachauri, and Tetrtskaro.

**Activity 1.5.2: Conducting seminars/workshops, international conferences, and training courses specifically focused on arbitration disputes to enhance awareness of alternative dispute resolution mechanisms.**

In October 2023, the Georgian International Arbitration Center (GIAC), with the support of CLDP and USAID, organized the tenth anniversary conference of Arbitration Days. This three-day event brought together leading practitioners and experts in the arbitration field to discuss current challenges and emerging trends in both international and local arbitration. Notably, the conference in 2023 saw the largest number of participants over the past 10 years, with over 250 attendees, nearly half of whom were foreign guests from various countries worldwide. This underscores the significance, scale, and reputation of the conference, which plays a crucial role in positioning the country as a regional arbitration hub. The conference featured 8 trainings and seminars, along with several panel discussions.

**Activity 1.5.3: Running a Consultation Line for businesses at the Office of the Business Ombudsman.**

Approximately 100 calls were received on the consultation line in 2023.

**Activity 1.5.4: Informational meetings and consultations with representatives of small and medium-sized enterprises (SMEs) in both Tbilisi and regional areas.**

A total of 202 meetings took place in 2023.

**Activity 1.5.5: Organizing a forum aimed at enhancing and promoting awareness of alternative dispute resolution mechanisms (mediation).**

With the support of the USAID Rule of Law Programme, annual forums - mediation for lawyers and mediation for business were held within the framework of the "Institutional and Mediation Development Project of the Mediators Association of Georgia".

**Activity 1.5.6: Analyzing the impact of Georgian laws on small and medium-sized enterprises (SMEs) and formulating recommendations**

During 2023, a total of 8 legal opinions, 40 petitions, and 30 recommendations were drafted.

## **Objective 1.6. Increasing access to state electronic services**

**Objective Outcome Indicator 1.6.1: Number of services accessible to entrepreneurs on my.gov.ge**

The current number of integrated services on My.gov.ge is 10 times less than the baseline, primarily due to changes made to the Law of Georgia on Entrepreneurs. At this point, disabled services will be added once they are brought into compliance with the revised law.

**Objective Outcome Indicator 1.6.2: Percentage of customers who find electronic services 1) useful 2) easy to use.**

Customer satisfaction data collection and analysis was initiated during the reporting period.

**Objective Outcome Indicator 1.6.3: Share of electronically registered applications in the total number of applications received**

In 2023, there was a 13.5% rise in electronically registered statements compared to the previous year, totaling 1,202,441 statements. This increase represented a 98.5% growth compared to the base year.

The proportion of statements registered electronically by taxpayers is significant, accounting for 85.8% of all electronic statements (1,032,276 statements in total). This trend is also positive, with an increase of 11.8% in the number of statements registered by taxpayers compared to the previous year.

**Activity 1.6.1: Creating video tutorials and supplementary user manuals to enhance the accessibility of electronic services.**

LEPL Revenue Service identified a total of 469 services related to tax and customs services. During the reporting period, the Revenue Service created manuals and video guides for the use of 97 services. Furthermore, service delivery manuals and business process maps were developed for all 97 services.

By 2023, out of the 469 identified services, manuals and video guides for service use were developed for 188 services, representing 40% of the total. Similarly, service delivery manuals and business process maps were developed for 188 services, also constituting 40% of the total services.

**Activity 1.6.2: Providing training sessions for entrepreneurs to familiarize them with the usage of the unified portal of e-services (My.gov.ge).**

Training for business entities on the use of the unified portal of electronic services was not possible in 2023 due to ongoing updates to the my.gov.ge portal. These updates included significant changes to both the interface and the number of available services. Since these updates were not finalized during 2023, it was decided to conduct the training in 2024, once

the updated my.gov.ge website is fully completed and deployed into the live environment, and all integrated services are available.

### **Activity 1.6.3: Incorporating a feedback mechanism into the unified portal of e-services (My.gov.ge).**

Currently, the portal includes a simplified survey functionality, allowing users to access the survey link. As of the reporting period, the survey has been integrated into the public registry services offered by the portal.

## **Objective 1.7. Developing a bankruptcy and rehabilitation system**

### **Objective outcome indicator 1.7.1: The percentage of cases resulting in enterprise rehabilitation rather than dissolution in the overall number of insolvency proceedings.**

In September 2020, Georgia enacted the Law on Rehabilitation and Collective Satisfaction of Creditors, which came into full effect in April 2021. This law established a comprehensive framework for managing insolvency cases in Georgia, providing additional incentives for the rehabilitation of enterprises.

In 2020, based on the Law on Rehabilitation and Collective Satisfaction of Creditors, court proceedings were initiated in six cases, out of which two cases were concluded with rehabilitation.

The percentage of cases that resulted in rehabilitation out of the total number of insolvency cases is 19.6%.

### **Activity 1.7.1: Creating a legal framework to define the categories of insolvency practitioners eligible to handle various types of insolvency cases according to their complexity.**

Paragraph 3 of Article 11 in the Law of Georgia on Rehabilitation and Collective Satisfaction of Creditors grants the Minister of Justice of Georgia the power to determine through an order the types of insolvency practitioners permitted to handle various categories of insolvency cases, considering their level of complexity. According to information from High Council of Justice of Georgia, the LEPL National Bureau of Enforcement, and the Business Rehabilitation and Insolvency Practitioners Association, there is currently no urgent requirement to establish a legal framework for categorizing insolvency practitioners due to the limited number of ongoing cases.

## **Objective 1.8. Raising SME awareness on regulation changes and fostering the development of public-private dialogue**

### **Objective outcome indicator 1.8.1: Number of meetings of the Private Sector Development Advisory Council**

During 2023, 4 meetings of the Private Sector Development Advisory Council were held (baseline - at least 2 meetings per year).

Public-private partnerships and enhanced collaboration are important factors for fostering economic development as a regular dialogue with the private sector facilitates the formulation of evidence-based and results-oriented policies. To strengthen the dialogue between the public and private sectors, the Minister of Economy and Sustainable Development of Georgia issued an order in 2016 to establish Private Sector Development Advisory Council. This Council, chaired by the Deputy Minister, includes a Deputy Chairman from the private sector. As an institutional platform for dialogue between the government and the private sector, the Consultative Council serves as a tool to provide a direct opportunity for businesses to engage in a constructive dialogue with the state sector, receive information about ongoing or planned reforms, address challenges they face, and present initiatives. Through such interactions, the Private Sector Development Advisory Council assists the government in crafting effective policies and removing obstacles hindering entrepreneurship. Overall, the operation of this platform contributes to building trust and predictability between the private sector and the government.

### **Objective outcome indicator 1.8.2: Number of meetings of the Trade Advisory Board and the DCFTA Advisory Group**

There were no DCFTA Advisory Group meetings conducted in 2023.

### **Objective outcome indicator 1.8.3: Number of EU acts under DCFTA, for the approximation with which draft laws are prepared and uploaded to [dcfta.gov.ge](https://dcfta.gov.ge) for comments**

In 2023, Georgia's legislation was aligned with an additional 23 legislative acts of the European Union. The regulations designed for this approximation were made available for public consultation on the official website [dcfta.gov.ge](https://dcfta.gov.ge).

#### **Activity 1.8.1: Holding meetings of the Private Sector Development Advisory Council**

To enhance the collaboration and dialogue between the public and private sectors, the Minister of Economy and Sustainable Development of Georgia issued an order to establish the



the Private Sector Development Advisory Council. This Council, led by the Deputy Minister, appointed a representative from the private sector as its Deputy Chairman. Throughout 2023, the Private Sector Development Advisory Council convened for a total of four meetings.

- The Private Sector Development Advisory Council convened on 31 March 2023. During this meeting, presentations were delivered regarding the programmes of the Rural Development Agency and the research conducted by the Agency for Sustainable Development and Economy on enterprise demand for skills. Additionally, there was a discussion on the theme "Factors obstructing private sector development."

- Another session of the Private Sector Development Advisory Council took place on 1 June 2023. During this session, the Department of Energy Efficiency, Renewable Energy Policy and Sustainable Development of the Ministry of Economy and Sustainable Development made a presentation on the reforms, challenges, and prospects in the energy efficiency sector. Additionally, the Accounting, Reporting, and Audit Council presented the findings of their research on the professional service needs of small and medium-sized businesses, discussing potential future actions.

- On 28 September 2023, the third session of the Private Sector Development Advisory Council was held, during which a presentation was given on the capital market's development and the progress made in this regard through ongoing and recent reforms by the Ministry of Economy and Sustainable Development. Additionally, a presentation was delivered by the Association of Microfinance Organizations of Georgia on financial products, existing challenges, and future prospects. During the session, there was also a presentation on the expanded meeting of the sub-council dedicated to promoting women's entrepreneurship. This presentation was conducted by the chairman of the "Women and Business" association.

- The fourth session of the Private Sector Development Advisory Council took place on November 14, 2023. During this session, the Revenue Service of the Ministry of Finance provided details about the reforms that have been implemented and are currently ongoing in the realm of electronic services development. Additionally, representatives from the "Digital Governance Agency" of the Ministry of Justice delivered a presentation titled "Business and Digital Services: Modern Challenges."

During the meetings, discussions were also held on "Factors impeding private sector development." During these discussions, participants, including business representatives, highlighted several significant challenges and ongoing issues.

### **Activity 1.8.2: Organizing meetings of the Trade Advisory Board and the DCFTA Advisory Group**

The meetings of the Advisory Council focusing on trade issues and the DCFTA Advisory Group did not take place.

### **Activity 1.8.3: Facilitating a private-public dialogue during the process of approximation with EU legislative acts outlined in the DCFTA**

In 2023, Georgia aligned its legislation with an additional number of 23 EU legislative acts, specifically focusing on sanitary and phytosanitary measures, technical barriers to trade, and public procurement. A total of 37 meetings were conducted regarding these legislative acts, ensuring maximum engagement of stakeholders.

In accordance with the principle of dynamic approximation, amendments were made to the SPS chapter of the DCFTA, which provides for legislative approximation obligations. The list provided for in the mentioned annex has been changed, and instead of 272 acts, Georgia's approximation list in the SPS field currently includes 200 acts.

## **PRIORITY 2: SUPPORTING SMES SKILLS DEVELOPMENT AND FOSTERING AN ENTREPRENEURIAL CULTURE**

Developing small and medium-sized enterprises (SMEs) is crucial for Georgia's economic growth. It involves stimulating the expansion of SMEs, enhancing the competitiveness of the local private sector, and fostering the initiation and development of businesses.

Of utmost importance is the effective operation of the country's labour market, the promotion of workforce employment, and the improvement of the socio-economic status of the population, which the Government of Georgia considers as its top priority.

From this perspective, it is crucial to assist the State in fostering entrepreneurial skills development, organizing and implementing training and educational programmes, projects, and technical support mechanisms. Notably, the existing vocational education policy plays a vital role in enhancing human resources sustainability, narrowing the gap between market demand and supply, fostering workforce potential, enabling employment or self-employment opportunities, generating income, promoting self-realization, and ultimately decreasing unemployment rates.

The aim of fostering the growth of small and medium-sized enterprise (SME) skills and cultivating an entrepreneurial culture is to enhance the competitiveness of SMEs through the promotion of entrepreneurial skills and culture.

**Second priority direction – Supporting SMEs skills development and fostering an entrepreneurial culture – involves 7 Objectives and 27 activities.**

### **Objective 2.1 Support of evidence-based decisions in the field of labour market**

**Objective Outcome Indicator 2.1.1: The number of presentations/discussions concerning the findings of the studies on labour market needs.**

The Ministry of Economy and Sustainable Development of Georgia conducted an Establishment Skills Survey to support evidence-based decision-making in the labour market sector. A relevant presentation was prepared to showcase the survey findings, which were then presented to a broad audience at Rooms Hotel on 13 March 2023.

**Activity 2.1.1: Conducting research of enterprise demand on skills fully covering sectors of the economy**

An Establishment Skills Survey was conducted, and a presentation of the survey results was organized for a diverse audience, including representatives from state agencies, business

associations, civil society, and the international community. The primary goal of this research was to identify employers' needs for human capital skills. Integrating these findings into policy development aims to alleviate the imbalance between labor market demand and supply, thereby enhancing the economic efficiency of the use of skills. In the second quarter of 2023, a research report was prepared and translated into English. Both the survey report on enterprise demand for skills in Georgian and its English version are accessible at [www.lmis.gov.ge](http://www.lmis.gov.ge).<sup>17</sup>

### **Activity 2.1.2: Carrying out sector-specific survey on demand of enterprises on skills**

Throughout the reporting period, the Ministry of Economy and Sustainable Development of Georgia initiated work to survey demand of establishments on skills within the industrial sector. This involved the preparation of research methodologies and tools, conducting fieldwork, and processing research databases.

### **Activity 2.1.3: Preparing an annual analysis of the labour market**

In 2023, the Ministry of Economy and Sustainable Development of Georgia compiled the Georgian Labor Market Analysis report. This document delves into various aspects of employment and unemployment rates within the country, including by sector, age, gender, and region. Additionally, the report sheds light on the contribution of the private sector to overall employment rates. employment and unemployment rates in the country, including by sector, age, gender and region, as well as the role of the private sector in employment rates.

The report also provides an in-depth analysis of the labor market demand component, focusing on vacancies posted by both public and private employment agencies. Specifically, it outlines the number of job seekers and vacancies recorded in the labour market management information system available at [worknet.gov.ge](http://worknet.gov.ge). Additionally, the report delves into an analysis of data sourced from the private employment agency ([hr.ge](http://hr.ge)), where vacancies are categorized according to the International Labour Organization's ISCO 2008 standard employment classifier. Furthermore, the report reviews existing studies pertaining to the Georgian labour market landscape. Towards the conclusion, it presents a summary of key findings and recommendations. These recommendations highlight the challenges confronting Georgia's labour market and provide insights into the anticipated demand for labour force in the future.

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<sup>17</sup> <https://www.lmis.gov.ge/Lmis/Lmis.Portal.Web/Pages/User/News.aspx?ID=f468b5d0-1a79-4e04-9c33-2482dc60186d>

The finalized document is now accessible to the public and has been uploaded to the website of the labour market information system<sup>18</sup>.

#### **Activity 2.1.4: Developing a macroeconomic model to forecast skills demand**

A macroeconomic skill forecasting model has been developed, incorporating a five-year analysis of labour demand, supply and replacement needs. Using this model, a forecasting report was prepared and is now accessible on the Labor Market Information System website. To enhance user awareness and understanding, a presentation was conducted to showcase the key findings derived from the forecasting model.

#### **Activity 2.1.5: Training of employees on the macroeconomic model of skill forecasting**

In cooperation with the EU Technical Assistance Programme and the international consulting company "Cambridge Econometrics", a skills forecasting model was prepared. This process also involved training employees in managing and administering the model. As part of the programme, five employees received training specifically focused on forecasting model administration.

### **Objective 2.2. Raising awareness on the need for safe working environment**

#### **Objective Outcome Indicator 2.2.1: Number of trainings/meetings conducted annually**

Throughout the reporting period, the LEPL Labour Inspection Service conducted 35 informational meetings covering labour norms and legislative updates. This marks a notable 40% increase compared to the base year (targeted indicator: 50% increase).

#### **Objective Outcome Indicator 2.2.2: Percentage of participants in trainings or meetings who state that the skills acquired will assist them in enhancing the standard of occupational safety protection or their level of compliance with occupational safety regulations.**

Feedback from participants of trainings/meetings indicated that at least 85% of the skills acquired during these sessions will contribute to enhancing occupational safety standards or improving compliance with occupational safety regulations (target rate - 80%).

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<sup>18</sup>Source: Labor Market Information System "Labor Market Analysis 2023"; see link: <https://www.lmis.gov.ge/Lmis/Lmis.Portal.Web/Handlers/GetFile.ashx?Type=UserReport&ID=d9fdc6bf-e949-43f0-b714e7ac2aa91b16>

### **Activity 2.2.1: Conducting both initial and follow-up inspections and issuing relevant directives in accordance with the Organic Law of Georgia on Occupational Safety.**

In 2023, a total of 3,765 inspections were conducted in accordance with the Organic Law of Georgia on Occupational Safety. These inspections included primary and subsequent checks carried out before the full correction of violations. Within this framework, 1,636 facilities underwent primary inspections. Following both initial and repeated inspections, a total of 14,164 instructions were issued. Additionally, 2,511 administrative offense protocols were issued against violators based on these inspections.

### **Activity 2.2.2: Conducting trainings/informational/working meetings on safe working environment**

During the reporting period, the Labour Inspection Service organized 35 information meetings, attended by a total of 1,700 individuals, to discuss labour norms and provide legislative updates.

### **Activity 2.2.3: Preparing informational materials to promote the effective enforcement of Occupational safety norms**

During the reporting period, the LEPL Labour Inspection Service created a total of 28 information banners, including 3 information booklets, focused on occupational safety norms. Furthermore, to enhance public awareness, the Service produced 19 videos featuring inspector advice and amendments to labour legislation. These videos were shared on the Service's social media platforms such as Facebook, YouTube channel, and the official website ([www.lio.moh.gov.ge](http://www.lio.moh.gov.ge)). Additionally, the Service uploaded 55 educational and informational videos on various labour norms, categorized by thematic, general, or sectoral levels, to the YouTube channel of the Labour Inspection Service.

To enhance information accessibility, the Labor Inspection Service created the official website [lio.moh.gov.ge](http://lio.moh.gov.ge), following a concept developed in collaboration with the United Nations Development Program (UNDP). Additionally, the Service's hotline (1575) operates continuously, offering labour norms-related information to all interested individuals.

## **Objective 2.3. Improving entrepreneurial skills through regular trainings**

**Objective Outcome Indicator 2.3.1: The percentage of entrepreneurs who have received training and believe that the skills and knowledge gained from these sessions will contribute to enhancing their business.**

The Georgian Innovation and Technology Agency conducted STEAM (Science, Technology, Engineering, Arts and Mathematics) trainings aimed at enhancing education levels and providing employment opportunities in specific fields. These trainings were successful in equipping participants with valuable skills and knowledge, enabling them to get employment in their respective industries and carry out various projects. As a result, 80% of entrepreneurs who participated in the trainings expressed confidence that the skills and knowledge acquired would be beneficial for the production and enhancement of their businesses (target rate: 65%).

#### **Activity 2.3.1: Within the scope of the Micro and Small Business Support Programme, training of micro and small entrepreneurs in areas such as general entrepreneurship as well as environmental and social issues**

On 3 April 2023, the Micro and Small Business Support Programme was announced, receiving a total of 13,239 applications at the business ideas stage. Among these applicants, 4,359 were selected to move on to the next stage. The trainings took place from 19 May to 12 June 2023, covering areas such as: Introduction to entrepreneurship, business structure and legal forms, tax statuses and benefits, including filling out tax returns, purchases, components of a business plan, environmental protection and screening practices, business digitization and gender equality in business. A total of 4,290 applicants successfully completed the training sessions.

#### **Activity 2.3.2: Training on technological skills at the regional innovative centers of LEPL Innovation and Technology Agency**

During the reporting period, the Georgian Innovation and Technology Agency conducted training programmes in various regions of Georgia. 424 people (including 227 women) were trained within the framework of the pre-accelerator programme. In addition, 1,126 people (including 527 women) were trained in STEAM fields in regional technoparks. A total of 1,550 people were trained in technological skills.

#### **Activity 2.3.3: Conducting trainings for small and medium entrepreneurs to enhance their entrepreneurial skills**

Annually, the Chamber of Commerce and Industry conducts a range of training sessions tailored for small and medium-sized business owners, delivered both in-person and online. Over 500 entrepreneurs participated in these training sessions during the reporting year. These sessions covered a wide array of topics such as e-commerce, branding, digital marketing, labour law-related challenges, tax updates, and other relevant subjects,

## **Objective 2.4. Developing vocational education system oriented towards entrepreneurship**

**Objective Outcome Indicator 2.4.1: The number of vocational education and training (VET) institutions that have incorporated an entrepreneurial culture concept**

In 2023, the Skills Agency Georgia provided support for entrepreneurial activities in 8 vocational educational institutions. This support involved the guidance of experts specialized in their respective fields. As a result, primary products have already been developed, and efforts are underway to refine them for eventual implementation (target rate - 5 vocational educational institutions).

The work continues towards the development of entrepreneurial competencies, both in the sectoral network of teachers and at the institutional level.

During the reporting period, a newly developed entrepreneurship module was approved, aligning fully with the European Entrepreneurship Competence Framework.

The Skills Agency Georgia initiated the training of vocational teachers in entrepreneurship competencies, with 30 entrepreneurial teachers participating in diverse training sessions. A training module was developed by the Skills Agency Georgia, forming the basis for ongoing training in entrepreneurship competencies for the upcoming years.

**Objective Outcome Indicator 2.4.2: The number of graduates from short-term vocational training and retraining programmes**

In 2023, the number of graduates from vocational training and retraining programmes totaled 5,438, marking a significant increase from the baseline figure.

Interest in professional training and retraining programmes has been steadily growing each year. These programmes offer lifelong learning opportunities for adults and are closely linked not only to employment and entrepreneurship prospects but also to personal development and self-fulfillment. Professional training and retraining are accessible to any legal entity.

**Objective Outcome Indicator 2.4.3: The number of dual vocational training programs that have been launched**

To boost the implementation of programmes using a dual approach, in 2023, the Skills Agency Georgia, with the support from GIZ, took steps to find partner business organizations and prepare for programme authorization. Additionally, efforts were made to enhance the capabilities of institutions and companies delivering existing programmes through meetings



focused on obtaining training enterprise status and fostering effective cooperation mechanisms. Moreover, to raise awareness about dual education in the private sector, meetings were conducted with over 500 organizations.

With the assistance of GIZ, efforts began to introduce five new dual programmes, with four unique titles. Among these, three new programmes with two unique titles have been prepared for authorization, while negotiations for the implementation of two programmes are underway with potential partner organizations (baseline - 35, target - 45).

#### **Activity 2.4.1: Carrying out dual vocational training programmes**

The Ministry of Education, Science and Youth of Georgia, with the support from GIZ, initiated efforts to implement five new dual programmes (with 4 unique titles). Out of these, three new programmes (with 2 unique titles) have been prepared for authorization, while negotiations are underway with potential partner organizations for the implementation of two programmes. The authorization of these programmes is planned for 2024.

#### **Activity 2.4.2: Providing consultations and trainings on how to implement economic activities to the education institutions established by State or through State participation**

During the reporting period, the Skills Agency Georgia organized 33 working and consulting meetings with vocational education institutions to discuss the implementation of economic activities. These meetings included consultations with 8 Vocational Education and Training (VET) institutions on creating products relevant to entrepreneurial activities.

#### **Activity 2.4.3: Providing training for vocational education teachers to enhance their entrepreneurial competencies.**

A network has been established for vocational education teachers specializing in entrepreneurship, where teachers teaching entrepreneurship modules can regularly participate in various work meetings and training sessions. During the reporting year, the network introduced the practice of appointing regional coordinators. These selected teachers underwent retraining through a workshop organized by the Agency, focusing on effective teaching approaches, methods, and practical tools. Additionally, efforts were initiated during the reporting period to train vocational education teachers jointly, focusing on both entrepreneurship and professional (sector-specific) modules. The training aims to enhance entrepreneurial competencies and foster collaboration among vocational education teachers in the realm of entrepreneurial education.

Entrepreneurship teachers took part in specialized training on entrepreneurship education as part of a European Union project. Over 20 teachers underwent retraining through these sessions. Furthermore, approximately 20 individuals from 9 colleges, including representatives from management, administration, and entrepreneurship instructors, were trained in entrepreneurship education and establishing an entrepreneurship-focused school.

In the reporting period, a training module titled "Introduction to Entrepreneurship Education" was developed. This module integrates aspects (teaching objectives, methods, and resources) related to education with the new entrepreneurship module, which is based on ENTRECOMP principles.

#### **Activity 2.4.4: Carrying out vocational training/retraining programmes.**

From 2022 onwards, the NNLE Skills Agency Georgia has been providing consulting assistance to organizations (educational institutions, private companies, training centers, associations, and others) interested in implementing short-term vocational training and retraining programmes. Additionally, the Agency is authorized to offer financial support to eligible programmes. By 2023, the number of graduates of vocational training/retraining programmes will be 5438, who will receive a state-recognized certificate upon completion.

#### **Activity 2.4.5: Incorporating the entrepreneurial culture concept into selected vocational education institutions.**

Efforts have been initiated to support economic activities in VET institutions. Eight vocational education institutions receive consistent support from the Agency in the form of consultations/working meetings.

Through collaboration between vocational education institutions and agency experts, initial versions of products have been developed. The ongoing work involves refining these products and preparing them for sale.

#### **Activity 2.4.6: Implementing the European Entrepreneurial Competences (Entrecomp) framework to enhance the entrepreneurial competencies of vocational students**

In the reporting period, a new entrepreneurship module was approved, fully in line with the European Entrepreneurial Competence Framework. Workshops and training sessions focused on entrepreneurship education, aligned with the European Entrepreneurial Competencies Framework, are being consistently conducted within the sectoral network of entrepreneurship vocational education teachers. The educational materials and topics used during these sessions fully adhere to the framework of European entrepreneurial competences.

## Objective 2.5. Development of Labour Market Information System (LMIS), labour market management information system (WORKNET) and relevant services

### Objective Outcome Indicator 2.5.1: The number of service recipients

In the reporting period, the Ministry of Labor, Health, and Social Protection provided employment promotion services to a total of 23,864 individuals, including 15,674 women, who are internally displaced persons (IDPs) from the occupied territories of Georgia. (baseline - 3,458).

### Objective Outcome Indicator 2.5.2: The number of service recipients to be employed

In the reporting period, as a result of the employment promotion activities, the Ministry of Labour, Health, and Social Protection successfully employed 4,775 job seekers, of which 3,478 were women. This marks an increase of 426% compared to the base year.

#### Activity 2.5.1: Digitizing "Skills Enterprise Demand Survey"

The Ministry of Economy and Sustainable Development of Georgia, in collaboration with GIZ, drafted Terms of Reference for Digitalization of the Survey of Enterprise Demand on Skills.

#### Activity 2.5.2: Creating a new concept to improve user-friendliness of Labour Market Information System website ([lmis.gov.ge](http://lmis.gov.ge))

Preparatory work has been undertaken to develop a concept aimed at enhancing user orientation on the labor market information system ([lmis.gov.ge](http://lmis.gov.ge)) website.

#### Activity 2.5.3: Carrying out activities under the Employment Promotion Subprogramme: providing individual and group counselling services within the Labour Market; job intermediation services; supporting the employment of vulnerable and disadvantaged groups (subsidized employment); organizing an employment forum; monitoring vacancies and carrying out qualitative surveys at least once a year; raising awareness about the Agency's activities; establishing close cooperation with social partners.

During the reporting period, a total of 17,339 job seekers were registered in the labour market management information system, which is accessible at [www.worknet.gov.ge](http://www.worknet.gov.ge). The system now boasts a total of 419,523 registered job seekers. Additionally, 11,329 job seekers received personalized counseling services at the service center, with 7,625 of them being women.

Moreover, within the framework of the project "Promotion of economic and social participation of vulnerable displaced and local population in the South Caucasus (EPIC), the LEPL State Employment Promotion Agency piloted the "SHUTTLE - methodology" in two municipalities, specifically Zugdidi and Rustavi. A closing event for the programme was held in March, where out of 40 participants (22 from Zugdidi and 18 from Rustavi), 16 were successfully employed, 8 became self-employed, and 10 started studies at vocational school. Some participants exited the program for various reasons. Overall, 1,422 job seekers, including 1,004 women, found employment during this period.

As part of the intermediary services, information about vacancies from employers was shared with job seekers registered in the system to facilitate job placements. Specifically, information about 11,470 free job positions was provided to job seekers. Out of these, 2,626 job seekers (including 1,370 women) were selected and referred to employers for potential employment opportunities. Within the framework of the intermediary service, 749 beneficiaries (including 411 women) who were referred to employers have successfully secured employment.

Supported employment consultants extended supported services to 198 individuals with disabilities, including 78 women. To further the employment prospects of less competitive groups, 120 job vacancies were identified specifically for persons with disabilities. As of the end of 2023, 33 disabled individuals have been successfully employed. Five employers participated in the wage subsidization component for workplaces, resulting in the employment of 14 persons with disabilities under this initiative.

During the reporting period, a series of 9 employment forums were organized, attracting participation from 253 employers and over 800 job seekers. As a result of these forums, 70 job seekers were successfully employed, including 35 women.

#### **Activity 2.5.4: Developing/Updating the Labour Market Management Information System (WORKNET).**

A working group was established within the Ministry of Labour, Health, and Social Protection of IDPs from Georgia's occupied territories to create and implement a labour market management information system. This group comprises members from the EU technical assistance project "Fostering development of skills adapted to the labour market" and the Ministry's Information Technology Agency. During the reporting period, phased discussions were held in accordance with the "Labour Market Management Information System Development Action Plan." The update of the Labour Market Management Information System (known as WORKNET) is scheduled for completion in 2024. As of the end of the reporting year, 30% of the tasks outlined in the Terms of Reference for the labour market management information system have been fulfilled.

### **Activity 2.5.5: Services under the state programme for job seekers' professional training; professional counselling and career planning service; development of key competencies; job seekers' professional training/retraining/upskilling (internship)**

During the reporting period, personalized career planning and professional counseling services at the service centres were provided to 4,856 individuals seeking employment, with 3,593 of them being women.

Under the vocational training, retraining, and skills development programme for job seekers, training process commenced in 36 educational institutions. A total of 3,911 beneficiaries, including 3,008 women, were enrolled in training programmes covering 97 high-demand professions. Out of these beneficiaries, 2,007 successfully completed their training, with 1,526 being women.

As part of the 2022 sub-programme, in 2023, within the vocational training/retraining and skills development component, 909 job seekers, including 662 women, graduated from vocational training. As a result, a total of 2,399 job seekers, including 1,930 women, secured employment opportunities during the reporting period.

The internship component was introduced, leading to the signing of contracts with 31 employers (5 in Tbilisi and 26 in the regions). A total of 144 interns participated in the internship program, with 17 in Tbilisi, 8 in Adjara, 48 in Imereti, 1 in Mtskheta-Mtianeti, 11 in Samegrelo-Zemo Svaneti, 19 in Kvemokartli, 5 in Kakheti, 27 in Shida Kartli, and 8 in Samtskhe-Javakheti. Among these interns, 108 were women. Employer organizations participating in the sub-programme presented 94 vacant positions across 37 job categories. As a result, 88 job seekers have been successfully employed, including 75 women.

## **Objective 2.6 Promoting responsible business conduct**

### **Objective Outcome Indicator 2.6.1: The number of companies that have undergone training**

In 2023, the UN Global Compact Network Georgia (UN GCNG) organized training courses focused on sustainable business development and responsible business conduct. These courses were designed for company representatives and covered essential topics such as labour rights, environmental protection, business and human rights, and Communication on Progress

(COP) reporting. A total of 266 company representatives participated in the training sessions (target: a minimum of 150 trained companies).

#### **Objective Outcome Indicator 2.6.2: ESG manual developed**

In collaboration with the the UN Global Compact Network Georgia and the World Bank, Enterprise Georgia Agency developed the Environmental and Social Impact Framework Guidelines for the Environmental and Social Management System (ESMS).

#### **Objective Outcome Indicator 2.6.3: The Number of trained companies maintaining that skills acquired through trainings will help them implement Responsible Business Conduct (RBC) or Environmental, Social, and Governance (ESG) principles**

In 2023, as part of the SDG Ambition, the Enterprise Georgia Agency distributed a voluntary questionnaire to participating companies. All 75 companies that responded to the survey stated that the skills gained through the training would assist them in implementing Responsible Business Conduct (RBC) and Environmental, Social, and Governance (ESG) principles. Additionally, they expressed a strong willingness to recommend the acceleration program to other interested parties (Target: 70%).

#### **Activity 2.6.1: Creating ESG (environmental, social, governance) manual for SMEs**

Communication and discussions are ongoing with the UN Global Compact Network Georgia to develop ESG (Environmental, Social, and Governance) guidelines for small and medium-sized enterprises (SMEs).

#### **Activity 2.6.2: Producing an annual publication showcasing best Responsible Business Conduct (RBC) practices.**

During the reporting period, the 7th edition of the corporate sustainability magazine "Sustainability Spotlight" was released, highlighting progress toward achieving sustainable development goals both in Georgia and globally. This edition featured 31 articles and interviews with government officials, private sector representatives, international organizations, and diplomatic corps members. The magazine showcased exemplary instances of responsible business practices. Furthermore, the 8th issue of the magazine, focusing on sustainable financing, is prepared for printing in collaboration with the Investors Council. This issue comprises 27 articles and up to 30 recorded interviews.

Additionally, the annual Corporate Sustainability Award publication was released, showcasing projects undertaken by companies in the realm of corporate sustainability. A total of 103 cases were featured in this publication.

### **Activity 2.6.3: Increasing awareness of the ESG Manual by organizing informational sessions with SMEs.**

The Enterprise Georgia Agency, in cooperation with the UN Global Compact Network Georgia, organized seven sessions of the SDG Ambition Accelerator during 2023, with participation from ten registered companies in the programme.

Information sessions were conducted to update on the progress of the UN Global Compact, focusing on raising awareness of Environmental, Social, and Governance (ESG) issues. These sessions aimed to provide companies with both substantive and technical guidance on reporting, including how to prepare reports. The UN Global Compact reporting questionnaire aligns with the ten principles of the UN Global Compact and the Sustainable Development Goals. Five meetings were held on 3 February, 16 February, 17 March, 13 April, and 27 April, with a total of 79 participants attending these sessions.

An information meeting for the Business and Human Rights Acceleration Programme took place on 16 November, with participation from 15 companies. The meeting's objective was to introduce the Global Business and Human Rights Acceleration Programme, share outcomes from the initial stage, and provide details about the comprehensive study of human rights for the private sector.

### **Activity 2.6.4: Co-financing the training of export managers and integrating sustainable development goals and waste management issues into the training programme**

Funded by the UN Global Compact Network Georgia, a course combining corporate sustainability and circular economy topics was developed specifically for export managers. A total of 15 students successfully completed the course.

## **Objective 2.7. Promoting the use of digital services through broadband Internet network**

**Objective Outcome Indicator 2.7.1: The number of settlements encompassed by the programmes that support digital literacy, including digital skills training**

During the reporting period, programmes supporting digital literacy, including digital skills, covered 135 settlements (target: 500).

**Activity 2.7.1: Under the "Digital Support Programme," which is the second component of the Log-in Georgia project, promoting the use of digital services among small and medium-sized entrepreneurs in targeted settlements, including by offering tailored training programmes and informational meetings to address their specific digital needs.**

As part of the Digital Support Programme, the Communications Commission organized seminars focusing on digital literacy and safe Internet use for the residents of 135 settlements/villages across seven municipalities: Kobuleti, Khelvachauri, Chokhataruri, Samtredia, Ozurgeti, Ambrolauri, and Oni, which are the target areas of the Log-in Georgia project. Over 50 entrepreneurs participated in the digital support programme overall.

Apart from the training seminars conducted under the Digital Support Programme, a seminar was organized for local entrepreneurs and administration representatives in the municipalities of Kobuleti, Khelvachauri, Ozurgeti, and Chokhatauri about the use of the state electronic auction portal ([eAuction.ge](http://eAuction.ge)).



## **PRIORITY 3: IMPROVING ACCESS TO FINANCE**

The primary priorities of the country include improving the business environment, expanding access to finance, strengthening the financial sector, and consequently fostering economic growth.

Financial resources and their accessibility are crucial for businesses to achieve their objectives. Access to finance plays a pivotal role in fostering the development of entrepreneurship. Therefore, the development of state financing programmes, alternative financing mechanisms, and enhancing financial education are significant challenges for the country. One of the primary challenges in this regard is encouraging small and medium-sized entrepreneurs to use financial market instruments.

In 2022, investments in fixed assets within the business sector totaled 5,849.5 million GEL<sup>19</sup>, in which small and medium-sized enterprises accounted for 48.3%. It is noteworthy that since the introduction of the "Estonian model" profit tax in 2017, which involves zero taxation of retained earnings, the share of small and medium-sized enterprises in total fixed asset investment has risen significantly from 39.2% in 2017. This reform has greatly encouraged reinvestment in the economy, thereby making a positive impact on small and medium-sized enterprises.

**Third priority direction – Improving access to finance – involves 6 Objectives and 29 activities.**

### **Objective 3.1. Developing state financing programmes**

#### **Objective Outcome Indicator 3.1.1: New products developed or existing products renewed**

In 2023, Enterprise Georgia Agency, Georgia's Innovation and Technology Agency, and Rural Development Agency collectively developed seven new programmes and made changes to 25 existing programmes. The target was met successfully.

LEPL Enterprise Georgia - one new program was developed, and modifications were implemented in three existing programs.

During 2023, Georgia's Innovation and Technology Agency introduced three new programmes:

- "Do IT in Georgia" initiative
- Grant programme - innovation grants for various regions

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<sup>19</sup> Source: GeoStat: "Investments in Fixed Assets". The 2023 data will be published in 2024. See the link at: <https://www.geostat.ge/ka/modules/categories/326/sacarmota-statistikuri-gamokvleva>

- Code IT programme

Three programmes underwent modifications:

- Co-financing grants programme
- Hardware Startup Incubator
- Regional pre-accelerator program

In 2023, the Rural Development Agency (RDA) initiated three new projects/programmes:

- Programme for promotion of entrepreneurial activity in mountainous regions
- Expansion of the multi-hazard early warning system and use of climate information in Georgia
- Modernization of the vocational education system in Georgian agriculture

Modifications were made to the following projects/programmes (19 changes in total):

- Preferential Agrocredit Project - 5 changes;
- Plant the Future Programme – 1 change;
- Agroinsurance Programme – 1 change;
- Programme for Supporting Hazelnut Production – 5 changes;
- State programme for co-financing agricultural machinery – 2 changes;
- State programme for co-financing agricultural machinery for agricultural cooperatives – 1 change;
- State programme for rational use of state-owned pastures in mountainous regions – 1 change;
- State programme for dairy modernization and market access" – 1 change;
- State Co-financing Programme of Refrigerated Storage Facilities for Berry Crops of Agricultural Cooperatives – 1 change;
- State support programme for dairy farmer cooperatives – 1 change

**Objective Outcome Indicator 3.1.2: The percentage of companies participating in state financing programmes that can secure funding from non-state sources afterward**

All startups that receive funding through the grant programmes of the Georgian Innovation and Technology Agency are eligible to seek additional financing and investment from non-state entities. Moreover, 10% of the financial resources of all startups are received from other sources.

The Agency recently conducted a survey among companies participating in the grant programmes. Out of the 204 surveyed beneficiaries, 102 of them (50%) successfully attracted additional external capital (target - 40%).

### **Activity 3.1.1: Renewing the existing programmes within LEPL Enterprise Georgia**

In 2023, one change was made to the credit-guarantee mechanism, and two changes were implemented in the universal industrial part.

### **Activity 3.1.2: Co-financing loan/leasing interest within the Produce in Georgia Programme**

In 2023, the Enterprise Georgia Agency confirmed 655 projects **within** the loan/leasing interest co-financing programme.

### **Activity 3.1.3: Issuing loan guarantees under the credit guarantee scheme**

In 2023, the Enterprise Georgia Agency confirmed the issuance of loan guarantees for 337 projects under the credit guarantee scheme.

### **Activity 3.1.4: Issuing micro grants within the framework of the Micro and Small Business Support Programme**

In 2023, a total of 1,140 beneficiaries received financing under the micro and small entrepreneurship component of the Produce in Georgia Programme.

### **Activity 3.1.5: Co-financing of agrocredit interest rate**

During the reporting period, banks issued 10,000 loans/leases totaling 1,031,194,901 GEL to 9,034 beneficiaries under the "Preferential Agrocredit Project." Additionally, the agency provided co-financing amounting to 209,468,368 GEL. A total of 38,907 subsidized agricultural loans/leasing interest rate co-financing initiatives were implemented.

### **Activity 3.1.6: Subsidizing insurance premium**

During the reporting period, insurance companies issued 15,035 policies under the Agro Insurance Programme to 7,709 unique policyholders or beneficiaries. Various crops worth 167,683,280 GEL were insured, covering a land area of 16,641 hectares. The total insurance premium reached 16,479,999 GEL, with the Agency's co-financing (Agency's share of the premium) specified in the contract amounting to 11,499,259 GEL.

### **Activity 3.1.7: Assisting in the development of modern gardens within the "Plant the Future" programme**

During the reporting period, 532 agreements were signed with 448 unique beneficiaries as part of the state programme "Plant the Future." The contracted area was 3,272.16 hectares, with a total investment of 71,473,944 GEL. Of this investment, the Agency's co-financing specified in the agreements amounted to 31,191,092 GEL. The contracted area specifically for

the garden component was 2,610.32 hectares, while no contracts were signed for the nursery component in 2023.

#### **Activity 3.1.8: Rehabilitation of tea plantations**

As part of the implementation of the Georgian Tea State Programme aimed at rehabilitating tea plantations, four beneficiaries entered into contracts during the reporting period. The total area designated for plantation rehabilitation amounts to 120.97 hectares. The overall expenses for this rehabilitation endeavor reach 438,137 GEL, with the Agency providing co-financing of 305,136 GEL.

#### **Activity 3.1.9: Implementing the project of co-financing of agro-processing and storage enterprises**

Under the Project of Co-financing of Agro-processing and Storage Enterprises, there were notable achievements during the reporting period. Specifically, 16 projects in the processing enterprises segment were approved, amounting to a total value of 18,554,8550 GEL, with co-financing reaching 6,830,940 GEL. In the storage enterprises component, 22 projects were approved, totaling 32,440,868 GEL, with co-financing at 7,668,675 GEL. Overall, 59 enterprises were established with full or partial financial support, including 15 processing enterprises and 44 storage infrastructures.

By 2023, the Agency fully/partially financed the establishment of 88 processing plants and storage infrastructure facilities.

#### **Activity 3.1.10: Financing the infrastructure of agricultural cooperatives**

During the reporting period, the Agricultural Cooperatives Infrastructure Financing Programme provided funding to 11 cooperatives. This financial support enabled them to acquire processing equipment and/or establish storage/warehouse infrastructure for their enterprises.

#### **Activity 3.1.11: Co-financing the acquisition of agricultural harvesting machinery as part of the Agricultural Machinery Co-Financing Programme.**

In the reporting period, 62 contracts were signed with 62 beneficiaries for the purchase of 93 units of harvesting machinery within the framework of the State Programme for Co-financing of Agricultural Machinery. The total investment for these projects amounts to 18,484,026 GEL, with the Agency providing co-financing of 6,307,042 GEL. Throughout this period, 59 beneficiaries received full or partial financial support for their agricultural machinery needs.

### **Activity 3.1.12: Offering technical support to Rural Development Agency beneficiaries and agricultural cooperatives for business development within the scope of the Technical Support for Projects Programme.**

Under the Technical Support for Projects Programme in 2023, 32 beneficiaries adopted the international standard concerning primary production/food. Additionally, 29 beneficiaries engaged in company/product branding activities. Furthermore, 7 agricultural cooperatives received funding to acquire essential equipment for enhancing the quality of their products. Lastly, 10 beneficiaries successfully registered their trademarks.

### **Activity 3.1.13: Implementation of innovation co-financing grants programme**

During 2023, an analysis of the current co-financing grants programme was conducted. As a result of this analysis, adjustments were planned for the existing scheme, with the intention of replacing it with an investment grants programme.

## **Objective 3.2. Developing alternative financing mechanisms**

### **Objective Outcome Indicator 3.2.1: Total value of the lease portfolio**

Leasing plays a significant role in fostering the growth of the local capital market and facilitating the emergence of alternative financing sources.

Leasing is an important financial instrument for funding the fixed assets of micro, small, and medium-sized enterprises. Over recent years, leasing has emerged as an alternative financing option for these enterprises due to its typical lack of additional collateral requirements, with the leased asset serving as its own collateral.

By the year 2023, the leasing portfolio is projected to reach 494 million GEL, marking a 5% increase over the base rate (target: 20% increase).

### **Objective Outcome Indicator 3.2.2: Legal and regulatory framework of factoring**

The Ministry of Economy and Sustainable Development of Georgia has developed a draft Law of Georgia on Factoring. The draft was shared with relevant stakeholders, and their feedback and opinions were gathered. The plan is to present this draft law to the Parliament during the spring session of 2024.

### **Activity 3.2.1: Developing a draft law on factoring**

The Ministry of Economy and Sustainable Development of Georgia has developed a draft Law of Georgia on Factoring, which will be presented to the Parliament at the beginning of 2024.

### **Activity 3.2.2: Developing a legal framework for the reform of secured transactions**

The Ministry of Economy and Sustainable Development of Georgia, within the framework of the reform of secured transactions, developed an initial version of legislative amendments and started discussions with relevant stakeholders, including by presenting the initial version of the legislative amendments to financial institutions.

### **Activity 3.2.3: Introducing and implementing mechanisms that stimulate private/venture capital funds**

The Ministry of Economy and Sustainable Development of Georgia is actively engaged in implementing measures to introduce mechanisms for stimulating private and venture capital funds. Feasibility analysis on the document for the development of private capital mobilization instrument has been received from the World Bank. Additionally, in 2023, two thematic missions were conducted with donor organizations regarding this matter. Presently, the aforesaid document is undergoing detailed processing to elaborate the design of the instrument.

### **Activity 3.2.4: Implementing the SAFE instrument (Simple Agreement for Future Equity).**

The Ministry of Economy and Sustainable Development of Georgia is working on the design of the SAFE (Simple Agreement for Future Equity) instrument.

### **Activity 3.2.5: Developing draft amendments to improve the relevant legal framework regarding leasing**

In the reporting period, preparatory works for developing draft amendments were undertaken to improve the legal framework related to leasing.

### **Activity 3.2.6: Developing a legal framework for public funding**

Efforts are ongoing to collaborate with donors in developing a legal framework for public funding.

### **Activity 3.2.7: Modernizing the movable property lien registry and creating a notification-based registry system**

By 2023, notification-based mortgage bond asset registration has been incorporated into the Registry of Movable and Intangible Property Rights (the Registry of Pledge/Leasing Rights) by the National Agency of Public Registry.

Authorized individuals received training sessions. Consultation meetings with the National Bank of Georgia regarding the registration of financial collateral (loan assets) have concluded.

The registration process for financial collateral, following the format used for mortgage bond assets at the National Agency of Public Registry of Georgia, is currently in the agreement stage with the National Bank of Georgia.

### **Objective 3.3. Further improvement of financial literacy**

**Objective Outcome Indicator 3.3.1: The percentage of training participants who are confident that the knowledge and skills gained from the training sessions will assist them in effectively managing company finances.**

The National Bank developed a training module and conducted a webinar for entrepreneurs titled "How to Assess the Credit Potential of Our Business." Following the webinar, participants were asked to fill out a questionnaire. The results showed that 100% of the participants believed that the skills and knowledge acquired during the webinar would assist them in managing more effectively their company's finances (target: 80%).

During the following period, a shift from traditional trainings to live engagements called "Business Talk" was initiated on the financial education portal's (FinEdu) Facebook page. This format enables reaching a much larger audience compared to trainings and webinars. Additionally, a training session was conducted in Zugdidi, focusing on financial education for micro and small entrepreneurs.

**Objective Outcome Indicator 3.3.2: Sharing educational posts via the social media platform of a financial education portal (FinEdu)**

In 2023, approximately 96,000 individuals were able to view educational Facebook content covering relevant subjects for entrepreneurs (excluding "Business Talk"). Among these, around 16,100 individuals were actively engaged in the content (target indicators being 30,000 people for access and 3,000 people for engagement per year).

During the reporting period, the National Bank implemented the following measures:

- Created educational posts specifically for entrepreneurs.
- Shared these posts on the National Bank's educational portal.
- Achieved audience reach and engagement with the posts.
- Organized events, such as Facebook Events, on the Facebook page and other social networks to directly engage the audience.

- Uploaded video recordings to the financial education portal's (Finedu) Facebook and YouTube channels.

### **Objective Outcome Indicator 3.3.3: Entrepreneurs' financial literacy score.**

The financial literacy score for entrepreneurs is 10.3 out of 17 points, which corresponds to 60% on the scale. This score was determined based on the OECD/INFE methodology. Georgia's data is included in the international report by OECD/INFE, alongside 14 other countries. The survey revealed that Georgia's financial literacy score is 10.3 out of 17 points, which corresponds to 60% on the scale - lower than the average score of the participating countries.<sup>20</sup> The research is a global initiative, and its frequency of implementation is determined by the OECD, the initiating party.

#### **Activity 3.3.1: Providing a series of Facebook Live sessions titled "Business Talk" on the financial education portal (FinEdu)**

During 2023, a total of 20 Facebook Live sessions took place within the "Business Talks" segment, addressing various topics relevant to entrepreneurs.

The aim of the rubric is to demonstrate to both aspiring and established entrepreneurs that:

- Every business activity and decision carry a financial outcome, resulting in profit or loss.
- Entrepreneurs require fundamental financial knowledge alongside other critical considerations.
- Financial matters are essential components of both personal and business life, and discussing them is not only interesting but also necessary.

Out of the 20 engagements conducted, 3 were centered around the topic of women and business, featuring discussions with active female entrepreneurs. Additionally, 2 engagements focused on sustainable development and social responsibility. Furthermore, 9 sessions addressed the crucial issue of accessing finance for businesses. Throughout the year, various other topics were covered, including cyber security, tax matters, management and services, and foreign trade, particularly emphasizing exports.

2023 LIVE engagements and related video recordings had over 220,000 views and over 105,000 engagements.

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<sup>20</sup> <https://finedu.gov.ge/ge/siakhleebi-1/mikro-mtsire-da-sashualo-metsarmeebis-finansuri-ganatlebis-kvlevis-shedegebitsnobilia-1>



### **Activity 3.3.2: Sharing educational posts via the social media platform of a financial education portal (FinEdu)**

Starting from 2023, the National Bank expanded the financial education scope to include competencies related to considering environmental and social impacts when making financial decisions. Throughout the year, several posts and activities on the Finedu platform were dedicated to themes such as sustainable development, climate change, and sustainable energy. Additionally, topics like cyber security, consumer rights, and financial education were also addressed.

In addition to the Business Talk rubric, 20 posts were specifically tailored to address the interests of other entrepreneurs in 2023. These posts reached up to 96,000 individuals and garnered engagement from around 16,100 participants.

### **Objective 3.4. Expanding the scope of pledge**

#### **Objective Outcome Indicator 3.4.1: Area of registered lands**

The National Agency of Public Registry of Georgia has initiated a systematic reform of land registration. This reform involves the systematic survey works and registration of privately owned, state-owned, or municipally owned land parcels across all municipalities in Georgia, excluding occupied territories and self-governing cities. Furthermore, starting from 1 October 2023, systematic registration has commenced in specific geographical areas as determined by the Tbilisi Municipality Government. These areas include Tskneti, Tsavkisi, Tabakhmela, Shindisi, Kveseti, Kojori, Kiketi-Saghorisi, Bethania, Akhaldaba, Digomi, Didgori, and Old Vedzisi.

The National Agency of Public Registry in Georgia successfully completes all tasks (cadastral planning and surveying work, document searches to establish property rights, recognition of ownership rights, identity determination, correction of registered data, and registration of ownership rights, among other related activities) outlined within the framework of systematic land registration.

As of the end of 2023, a total of 2.8 million hectares of land has systematically been registered as part of the land registration project. This achievement represents 87% of the targeted land area set for registration within the project.

#### **Objective Outcome Indicator 3.4.2: Loans secured by real estate**

In 2023, the amount of loans secured by real estate reached 34.1 billion GEL, indicating an increase compared to the base year with a growth rate of 78.5%. Reforms within the real

estate market have contributed to expanding the range of properties acceptable as collateral. This expansion has enhanced access to financing, including for SME borrowers (target - 28.7 billion GEL).

#### **Activity 3.4.1: Carrying out an information campaign to promote the advantages outlined in the land registration reform and systematic land registration framework.**

Within the information campaign for the reform of systematic land registration, the LEPL National Agency of the Public Registry fully carried out the planned activities by 2023. These activities included:

1. Sending over 1,000,000 voice messages to the target audience, informing them about the commencement of survey work in a specific municipality;
2. Distributing a two-page insert in the newspaper "Kviris Palitra" (with a circulation of 10,000 copies) to all regions of Georgia. Additionally, the information was published on the official website and Facebook page of the "Kviris Palitra" newspaper;
3. A 30-second informational and advertising video about systematic land registration was produced and played on the monitors of JSC "Georgian Railways" trains for a duration of one month, airing every day. Additionally, information brochures and triplets totaling 25,000 pieces were placed in the seat backs of the trains;
4. To safeguard women's property rights and advance gender equality, an empowering event was organized for women participating in systematic land registration, timed to coincide with International Women's Day. As part of this event, an interim report detailing the progress of systematic land registration nationwide was presented in the form of informational booklets;
5. To enhance awareness of the systematic land registration reform, the National Agency created video clips combining graphics and footage for posting on its social networks. One of these clips featured feedback from a citizen who had experienced the benefits of the land registration system reform. Additionally, using agency resources, approximately 60 videos were produced showcasing the completion of surveying works in various municipalities;
6. To promote systematic land registration and increase awareness in society, an information brochure/triplet (150,000 copies) was produced in Georgian, Azerbaijani, and Armenian languages;
7. Branded items were produced for the implementation of various information campaigns and events for about 700 planners working as part of the systematic land registration reform;
8. 40 image videos were created and shared across Georgia, showcasing the employees from different regional offices who are actively engaged in the systematic land registration reform efforts;

9. Up to 40 television and radio broadcasts were conducted both on central and regional television stations, with the participation of agency representatives;

10. The Agency organized informational meetings in 59 municipalities across the country, involving representatives from the municipalities and the target audience.

### **Activity 3.4.2: Carrying out the process of registering land rights for planned or surveyed areas as part of a systematic land registration framework.**

As outlined in the Government of Georgia's 2022-2024 programme, the goal is to systematically register 1.2 million hectares of land and establish comprehensive cadastral data nationwide.

Under the Minister of Justice of Georgia's Order N798 dated 31 December 2021, specific geographic areas (59 municipalities) have been designated for systematic registration, due for completion for 1 January 2025. This project is implemented through proactive and systematic acquisition of registration documents by the National Agency of the Public Registry and the creation of cadastral planning/measurement drawings for land plots. All procedures related to rights registration (such as identifying interested parties, searching for relevant documents, cadastral survey planning, and land plot registration) are carried out by the Agency in compliance with legal regulations outlined in the Law of Georgia on the "rules of systematic and sporadic registration of rights to land plots and perfection of cadastral data."

The works planned for 2023 have been completed, namely:

- Under the systematic land registration program, the registration procedures have been finalized in the following municipalities: Abasha, Kaspi, Samtredia, Lagodekhi, Senaki, Khashuri, Khobi, Mestia, Khulo, and Ambrolauri. This effort has led to the registration of a total of 535,851 land plots covering an area of 215,934 hectares.
- Cadastral surveying and planning activities have been finalized in the following municipalities: Khulo, Samtredia, Abasha, Mestia, Senaki, Khobi, Lagodekhi, Sagarejo, Kaspi, Khashuri, Ambrolauri, Tianeti, Dusheti, Baghdati, Lentekhi, and Chkhorotsku. This effort resulted in the measurement of 463,565 land plots covering a combined area of 132,487 hectares.

## **Objective 3.5. Improving the transparency and quality of financial information of SMEs**

### **Objective Outcome Indicator 3.5.1. Report submission rate**

The report submission rate - PIE (Public Interest Entity)<sup>21</sup>for I, II, and III category enterprises stands at 90%, while for IV category enterprises, it is 66% (target: 95%).

In 2023, there was a notable increase in reporting, with reports from approximately 74,000 enterprises being published. However, due to non-compliance with legal requirements and regulations, reports from about 1,000 enterprises were rejected following inspections conducted using a risk-based approach.

#### **Objective Outcome Indicator 3.5.2. The number of trainings and individuals who have undergone training**

In 2023, there were four training sessions conducted, training up to 80 individuals.

These training sessions were organized by the Accounting, Reporting, and Audit Supervision Service, in collaboration with the World Bank and the European Union. The objective of this project is to enhance the qualification of accountants and finance professionals working within the small and medium-sized enterprise sector. As of 2023, a total of 61 training sessions have been completed under this activity, benefiting 1,356 individuals who have undergone retraining. (Target: a total of 50 training sessions and up to 1,500 retrained people).

#### **Objective Outcome Indicator 3.5.3 The percentage of accountants who have received training and whose financial reports exhibit improved quality.**

During 2023, within the Accounting, Reporting, and Auditing Supervision Service, 85% of the accountants who underwent training submitted financial statements of improved quality, (target: 80%.)

#### **Activity 3.5.1: To improve the reporting rate, conducting activities to raise enterprises' awareness about the reporting process, including financial reporting standards.**

During 2023, the Accounting, Reporting and Audit Supervision Service organized various events and participated in financial business forums and conferences aimed at raising awareness regarding international financial reporting standards:

- Representatives of the Service participated in an informational session organized by the Accountants' Club-Forum. The primary objective of the session was to educate attendees about several key topics, including the information that enterprises are obligated to provide, common mistakes that are often made, and other relevant matters.

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<sup>21</sup> Note: PIE (Public Interest Entity)

- The Academy of the Ministry of Finance of Georgia organized a conference titled "The Path to High-Quality Financial Reporting." Representatives from the Accounting, Reporting, and Audit Supervision Service also participated in this conference and delivered a presentation focusing on the deficiencies identified in financial statements submitted in previous years.

- The Financial Business Forum 2023 took place, gathering representatives from the financial sector and businesses. During this event, representatives from the Accounting, Reporting, and Audit Supervision Service shared valuable insights with the attendees. They discussed topics such as the report submission process, common mistakes encountered during submission, challenges faced by accountants and accounting firms in providing professional services related to money laundering and terrorism financing, as well as discussions about their registries.

- The Service conducted two virtual informational meetings aimed at accountants and accounting firms offering professional services. The focus of these meetings was to educate participants about the rules for creating state registers of accounting firms in electronic format. Approximately 300 individuals showed interest and attended these meetings.

- The Service organized eight events across six cities in Georgia focusing on the topic "Reporting Process and Registration of Accountants/Accounting Firms in the Registries." During these events, representatives of the Service provided insights into the reporting process, common mistakes made, and the registration procedures of accountants/accounting firms.

- The Service actively participated in the largest business forum of the region, known as "Uniting Business Europe." This forum served as a platform for high-ranking executives from the public and private sectors, as well as corporations, to come together. The event also included sustainability experts and representatives from UN Global Compact local networks worldwide.

- During a meeting focused on sustainability reporting standards, various factors concerning environmental, social, and governance issues were discussed, emphasizing their impact on enhancing enterprise workflows. The meeting also focused on the main aspects of the European directive concerning corporate sustainability reporting, along with an overview of different editions of international sustainability reporting standards.

- The Service organized an information meeting focusing on "IFS Standards, IFRS Standards, and Sustainability Reporting Standards." This annual event aims to furnish enterprises with up-to-date and comprehensive information regarding innovations in the field. This will help enterprises enhance the quality of their reporting.

The Service organized an information meeting specifically for members of audit committees and supervisory boards. This annual event is designed to foster an environment conducive to the efficient operation of audit committees and to offer them valuable guidance aligned with the best international practices. This will help them effectively oversee the activities of both external and internal auditors.

### **Activity 3.5.2: Conducting financial statement audits to enhance their adherence to international standards**

In 2023, based on Article 9, Paragraph 3 of the Law of Georgia on Accounting, Reporting, and Auditing, the reporting portal ([www.reportal.ge](http://www.reportal.ge)), processed and published a number of 2022 reports from PIEs (Public Interest Entities), first, second, third and fourth category enterprises/relevant groups, including 123 reports from enterprises with PIE status, 241 reports from first-category enterprises/groups, 718 reports from second-category enterprises/groups, 4,955 reports from third-category enterprises/groups and 67,864 reports from fourth-category enterprises/groups.

In the same period, 3,657 reports of PIEs, enterprises of the first, second, third and fourth categories/relevant groups for the 2021 reporting period were also checked and made public, including 12 reports from enterprises with SDP status, 52 reports from first category enterprises/groups, 135 reports from second category enterprises/groups, 511 reports from third category enterprises/groups and 2,947 reports from fourth category enterprises/groups.

Furthermore, as part of its activities aimed at improving the quality of reports, the Service conducts thorough inspections to ensure compliance with international financial reporting standards.

In 2023, a total of 51 entities had their reports thoroughly examined for compliance with international financial reporting standards. This included 11 public interest entities, 11 first-category entities, and 29 second-category entities.

As part of the activity, communication concluded with 30 entities with a final letter of recommendation. 7 entities were found to have no non-compliance with FSS (Financial Sustainability Standards), thus requiring no further communication. For 4 entities, due to the complexity of the issues involved, the final letter of recommendation is scheduled to be sent by 2024.

### **Activity 3.5.3: Conducting quality management system monitoring**

In 2023, there was a notable increase in the monitoring of the quality management system compared to previous years, with a total of 48 monitoring activities conducted. Specifically, during this reporting period, comprehensive and thematic monitoring was performed on 39

audit firms, with one audit firm undergoing full monitoring. Additionally, six individual auditors had their quality management systems subjected to two comprehensive and thematic monitoring sessions. As a result of these efforts, by the end of 2023, 96% of the audit market had been covered through monitoring activities.

**Activity 3.5.4: Translating the latest SME IFRS standards released by the IFRS Foundation, preparing relevant training materials, and conducting training sessions, to assist small and medium-sized enterprises with the adoption of International Financial Reporting Standards (IFRS).**

In 2015, the SME IFRS Standard <sup>22</sup> was issued, leading to the implementation of the TOT project aimed at enhancing the skills of accountants and financiers operating within the small and medium business sector. Given that an updated version of the SME IFRS Standard is anticipated to be released by the IFRS Foundation in 2025 or 2026, the Accounting and Reporting Service is legally obligated to adopt the new standards within six months of its release. Consequently, to support small and medium-sized enterprises in implementing the SME IFRS Standard, it will be necessary to train accountants and familiarize them with the requirements of the updated standard starting from 2025 or 2026.

### **Objective 3.6. Further development of "Venture Capital" (VC) and „Business Angels“ ecosystem**

**Objective Outcome Indicator 3.6.1: Investments from "VC" and "BUSINESS ANGELS" funds annually**

In 2022, an agreement was signed between Georgia's Innovation and Technology Agency and 500 Georgia, LL.C Investment Fund. In 2023, the amount transferred by the Agency to the venture fund of 500 Georgia, LL.C amounts to 1,526,139 GEL. The Fund was established to invest in Georgian startups, support innovations and further development (target - 1 million USD).

**Activity 3.6.1: Promoting the conduction of international events in Georgia and facilitating the participation of the agency and startups from Georgia in similar events abroad.**

LEPL Georgia's Innovation and Technology Agency served is a key supporter for events organized by the business consulting company "Globalize." The primary objective of these events is to assist Georgian startups and exporters in entering international markets successfully.

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<sup>22</sup> Note: SME IFRS Standard - International Financial Reporting Standard for Small and Medium-sized Entities

One notable event organized by "Globalize" in 2022 was the conference held in the USA on 26 May 2023. During this conference, prominent Georgian technology startups were given the platform to showcase their innovative ideas to potential investors and a wider audience.

The Innovation and Technology Agency also administers a competition aimed at fostering the growth of the "Angel Investors" network. The primary objective is to establish a club of "Angel Investors" within the country and enhance the quality of their operations, thereby encouraging investments in Georgian startups.

Starting from 2023, a competition focused on events promoting the development of the international community was initiated. During the reporting period, two winning organizations were selected through this competition. One of these organizations hosted the Georgian and International Innovation Society in Tbilisi, while the other held the same event in New York.

During the reporting period, the agency provided support for conferences and forums where startups had the opportunity to present themselves to investment committees. Some of these events included:

- Investment Ecosystem Conference - 17 startups participated
- DataFest - 8 startups participated, and 13 startup exhibitions were organized
- Touch Summit - 10 startups participated
- ProdAct Community Conference - 5 startups participated
- Web Summit - 6 startup stands and the space of 5 IT companies were presented, leading to active negotiations between individual startups and investors
- Batumi Startup Investment Forum - 5 local startups participated



## **PRIORITY 4: FACILITATING THE GROWTH OF SME EXPORTS, MARKET ACCESS, AND INTERNATIONALIZATION**

The Association Agreement and the Deep and Comprehensive Free Trade Agreement (DCFTA) signed with the EU in June 2014 offers new opportunities to SMEs in Georgia. Besides export promotion, the Association Agreement significantly intensified institutional and regulatory reforms, facilitating approximation of the country's standards with those of the EU. Besides, DCFTA facilitates utilization of untapped potential of various sectors, creation of conditions for the transfer of knowledge and technologies through inclusion of Georgian enterprises into global entrepreneurial chain.

The signing of the Deep and Comprehensive Free Trade Agreement (DCFTA) created tangible opportunities for exporting Georgian products to the EU market. As part of the implementation of the Association Agreement, reforms have been carried out across various sectors. These reforms have enabled Georgian entrepreneurs to gradually adopt international and European standards. As a result of these efforts, the volumes of production and supply of quality products have increased significantly. This has led to enhanced competitiveness of Georgian products on the international market.

According to preliminary data for 2023, the volume of exports reached a historic peak, totaling 6,090.6 million USD. This represents a significant increase of 60.4% compared to the export figure recorded in 2019.

In 2023, the export value of small and medium-sized enterprises (SMEs) reached 3,197.3 million USD, marking an increase of 75.5% compared to the base data from 2019. Furthermore, the export of SMEs accounted for 52.5% of the total export volume.

**Fourth priority direction - Facilitating the growth of SME exports, market access, and internationalization – involves 4 objectives and 18 activities.**

### **Objective 4.1. Facilitating the use of export capabilities**

**Objective Outcome Indicator 4.1.1: Positive feedback of companies identified through the survey of companies**

The surveyed companies positively evaluate the programmes of the Enterprise Georgia Agency, and 84% of them acknowledge that they would not have been able to participate in these programs without the co-financing provided by the Enterprise Georgia Agency. (target: 70%).

**Objective Outcome Indicator 4.1.2: The number of B2B meetings conducted between supported companies and international buyers**

In 2023, the Agency added several significant events that were not initially included in the action plan. Consequently, during the reporting period, approximately 1,800 meetings were conducted at international events. (target: 4,000 meetings)

**Objective Outcome Indicator 4.1.3: The number of identified new products/services with export potential**

In the fourth quarter of 2023, technical assistance for exports was announced, with a new sector added focusing on the production of construction materials. In the medium term, the Agency plans to explore co-financing opportunities for this sector at international events (target: 4).

**Activity 4.1.1: Supporting and co-financing the participation of Georgian companies in international exhibitions/events**

During 2023, the Enterprise Georgia Agency implemented more than 200 co-financings to support the participation of Georgian companies in international exhibitions and events.

**Activity 4.1.2: Conducting feedback research of Georgian companies that were supported to participate in international exhibitions/events**

Throughout the reporting period, 33 of the companies that received support from the Enterprise Georgia Agency, within the framework of international events and exhibitions, (with the agency implementing 58 instances of co-financing) filled out the feedback survey questionnaires.

**Activity 4.1.3: Co-financing the companies as part of the Technical Assistance for Export Promotion Programme.**

In the fourth quarter of 2023, the technical assistance programme was announced and the Agency initiated the process of receiving applications for the export incentive programme.

**Activity 4.1.4: Conducting individual consultations on export/import; Assisting in finding partners; Assisting in the review of problematic cases between trade partners; Providing information and assistance regarding international projects; Disseminating information worldwide about international exhibitions and events.**

In 2023, the Chamber of Commerce and Industry of Georgia delivered over 500 personalized consultations to entrepreneurs regarding export and import matters. Throughout the year, more than 1,500 companies were provided with contact details of potential partners.

The Chamber of Commerce and Industry of Georgia proactively updates entrepreneurs about upcoming exhibitions abroad through email, online platforms, and by posting information on its website. Annually, the Chamber hosts a business forum both in Georgia and internationally. During the reported period, a total of 8 business forums were organized by the Chamber.

### **Objective 4.2. Raising awareness on DCFTA capabilities and requirements**

**Objective Outcome Indicator 4.2.1: The percentage of participants in EU market training who believe in applying their knowledge of the Deep and Comprehensive Free Trade Area (DCFTA) in their daily activities.**

In 2023, the Enterprise Georgia Agency conducted interviews with managers who underwent training in 2022 as part of the export manager certificate programme. Among the respondents, 71% stated that they apply the knowledge acquired from the "Trade in goods within the framework of DCFTA" module in their daily work tasks. Over the period from 2021 to 2023, a total of 10 courses were delivered, with 3 courses conducted in regional areas (Kutaisi, Telavi, Zugdidi), (target: 60%).

**Objective Outcome Indicator 4.2.2: The number of visitors to the DCFTA.gov.ge webpage**

In 2023, the dcfta.gov.ge website recorded 8,900 visitors. This represents a substantial increase of 44.3% compared to the base year (target: 5%).

#### **Activity 4.2.1: Conducting meetings and trainings on issues relating to DCFTA**

LEPL National Food Agency conducted 37 meetings and training sessions across various regions of Georgia in 2023. These events were aimed at informing and supporting business operators regarding issues related to the Deep and Comprehensive Free Trade Area (DCFTA), with a particular focus on food safety. Topics covered during these sessions included requirements for labeling importing meat and meat products into the EU, implementing the Hazard Analysis and Critical Control Points (HACCP) system, supervising animal slaughtering processes in slaughterhouses, and complying with pre-slaughter and post-slaughter control measures as per legislation. Methodical instructions were also provided to enhance compliance with these requirements.

Informational meetings were conducted in the field of veterinary medicine with business operators involved in the wholesale trade of veterinary drugs, as well as with importers and wholesalers of animal nutrition. These meetings covered various topics, including updates to the registration rules for veterinary drugs and the Draft resolution of the Government of Georgia regarding undesirable substances in animal nutrition. Additionally, informational sessions were held with aquaculture primary production business operators. These meetings focused on the health requirements for aquaculture animals and their products, as well as strategies for preventing and controlling specific aquatic animal diseases.

Workshops were conducted in the field of plant protection, addressing topics such as sustainable use of pesticides and agrochemicals, as well as legislative changes aligned with European Union standards. These workshops aimed to educate participants on the measures required for sustainable pesticide and agrochemical usage and to inform them about recent legislative adjustments in line with EU regulations. Furthermore, informative meetings were organized to enhance awareness among owners of ornamental and fruit tree nurseries.

The National Food Agency successfully completed all phases of the international audit focused on "State control of food safety." Furthermore, in line with the commitments undertaken within the EU ENPARD programme, the Agency obtained the ISO 9001:2015 international quality management system standard certificate.

The international standard validates the Agency's robust quality management systems, clear articulation of tasks and objectives, effective handling of related risks and opportunities, optimal use of human and infrastructure resources, and the establishment of service systems that fully satisfy user needs while adhering to international legal standards.

#### **Activity 4.2.2: Effective functioning of the DCFTA website**

In 2023, the [dcfta.gov.ge](http://dcfta.gov.ge) website was reached by 8,900 new visitors. Apart from Georgia, the site attracted visitors from various countries including the USA, Germany, China, France, Turkey, Poland, and others. Foreign visitors accounted for 20% of the total website traffic.

#### **Activity 4.2.3: Conducting a retraining course for export managers**

As of 2023, the Enterprise Georgia Agency has organized and conducted 10 courses/training sessions for export managers, successfully training a total of 213 individuals.

### **Objective 4.3: Enhancing the national quality infrastructure, including relevant institutions such as accreditation, metrology, standardization, etc., to align more closely with international and/or European practices**

#### **Objective Outcome Indicator 4.3.1: Accreditation fields recognized by international and EU quality infrastructure institutions**

The Georgian Accreditation Centre successfully passed the European Co-operation for Accreditation Organization (EA) peer evaluation in October 2022.

The EA conducts assessments of its member organizations every four years to ensure ongoing compliance with EU Regulation 765/2008, international standard ISO/IEC 17011, and relevant guidelines established by international accreditation bodies such as ILAC/IAF.

As a result, by the end of 2023, Georgia signed Multilateral Recognition Agreements in the areas of ILAC-5, IAF-2, and EA-7 (targets being ILAC-2, IAF-2, and EA-8, respectively).

The final outcome of the peer review, released on 24 July 2023, confirmed that the Accreditation Centre retained recognition in all areas that were acknowledged in previously years.

- Testing Laboratory Accreditation (ISO/IEC 17025)
- Calibration Laboratory Accreditation (ISO/IEC 17025)
- Medical Laboratory Accreditation (ISO 15189)
- Inspection body Accreditation (ISO/IEC 17020)
- Product Certification Body Accreditation (ISO/IEC 17065)
- Personnel Certification Body Accreditation (ISO/IEC 17024)

Furthermore, the Georgian Accreditation Center has also acquired additional recognition in the field of accrediting bodies that conduct proficiency testing, in compliance with the international standard ISO/IEC 17043.

#### **Objective Outcome Indicator 4.3.2: The number of international and European standards accessible to stakeholders**

During 2023 the Georgian National Agency for Standards and Metrology (GEOSTM) registered 4,263 standards, including:

- ISO (international standard) – 22
- EN (European standard) – 4 211

- EN (Georgian language version) – 4
- ISO (Georgian language version) – 22
- International Electrotechnical Commission (IEC) - 1
- National - 3

Besides, 689 standards were issued during the reporting period, including:

- ISO (international standard) - 217
- GOST (interstate standard) - 39
- SST EN (European standard) - 322
- SST ISO (Georgian language version) - 82
- SST En (Georgian language version) - 6
- ASTM standards - 16
- IEC (International Electrotechnical Commission Standard) - 4
- National - 3

By 2023, the number of international and European standards adopted by Georgia totaled 28,615. The number of Georgian-language standards - 158, and the number of issued standards - 1,657.

Since 2020, the standards electronic platform has been operational. Starting from 1 January 2023, a preferential pricing programme for standards has been implemented to support micro and small businesses. This programme aims to facilitate access to information about standards for interested parties. These initiatives align with the requirements specified in the European Regulation (EU Reg.1025/2012).

**Objective Outcome Indicator 4.3.3: Increased range and/or fields of services, including internationally recognized services, offered to stakeholders in metrology**

To increase the range and/or scope of services provided to persons interested in the field of metrology, including internationally recognized services, during the reporting period, the Georgian National Agency for Standards and Metrology (GEOSTM) purchased and provided reference laboratories with environmental sounds recording devices, reference thermometers for participation in international comparisons.

**Activity 4.3.1: Extension of recognition of the European co-operation for Accreditation (EA) for proficiency testing providers**

The European Accreditation Organization (EA) is officially designated by the European Commission with the goal of establishing and upholding standardized approaches to accreditation. Gaining and preserving EA recognition through the Georgian Accreditation Center guarantees that accreditations obtained in Georgia are acknowledged in Europe and ensures that the activities of the Georgian Accreditation Center are on par with those of national accreditation bodies in European countries.

The International Accreditation Forum (IAF) specializes in certification, whereas the International Laboratory Accreditation Cooperation (ILAC) covers testing, calibration, medical testing, inspection, and proficiency testing provider organizations. Full membership in these international organizations guarantees that the results provided by conformity assessment bodies accredited in Georgia are recognized across numerous countries globally. This recognition, particularly beneficial for the development of small and medium businesses, enhances the competitiveness on international markets of products certified and tested by accredited organizations in Georgia.

Starting from 1 August 2023, the Georgian Accreditation Center's international recognition scope was expanded by the International Laboratory Accreditation Cooperation (ILAC). As a result, the Georgian Accreditation Center now holds European and international recognition in the realm of proficiency testing providers, as per the ISO/IEC 17043 standard.

**Activity 4.3.2: Applying to the EA for recognition of accreditation for bodies providing audit and certification of management systems, to organize an assessment**

Currently, the Accreditation Center is partnering with the German Institute of Metrology to initiate a project aimed at organizing informational meetings with various potentially interested groups regarding accreditation in the audit and management field. The implementation of these measures is scheduled to commence in 2024.

**Activity 4.3.3: Extension of international recognition in IAF, based on EA recognition of accreditation for bodies providing audit and certification of management systems**

A relevant application will be submitted to the IAF (International Accreditation Forum) once EA recognition in the certification of management and audit systems is obtained.

#### **Activity 4.3.4: Extension of international recognition in ILAC, based on EA recognition for proficiency testing providers**

Once the Accreditation Centre obtained recognition from EA, it received relevant information. Starting from 1 August 2023, the Georgian Accreditation Center's international recognition scope was broadened by the International Laboratory Accreditation Cooperation (ILAC). Consequently, following the latest peer evaluation, the Georgian Accreditation Center now holds European and international recognition for proficiency testing providers under the ISO/IEC 17043 standard.

#### **Activity 4.3.5: Extension of recognition of the European co-operation for Accreditation (EA) in bodies providing audit and certification of management systems**

Once the Accreditation Center has granted at least one accreditation in the specified field, a corresponding application will be submitted to the EA.

#### **Activity 4.3.6: Promoting an e-platform of standards, especially supporting micro and small enterprises by offering them preferential rates for accessing these standards**

As of 12 December 2023, a total of 5965 standards were registered by the Standards Department of the National Agency of Standards and Metrology of Georgia, including:

- ISO (international standard) – 4663
- EN (European standard) – 1281
- EN (Georgian language version) – 6
- ISO (Georgian language version) – 12;
- International Electrotechnical Commission (IEC) - 2;
- National - 1

Starting from 1 January 2023, a preferential pricing programme for standards was initiated to support micro and small businesses.

#### **Activity 4.3.7: Increasing the number of organizations participating in technical committees overseeing standards and standardization, which are hosted on the electronic platform of standards.**



Throughout the reporting period, the number of standards uploaded onto the electronic standards platform rose to 6,500. Specifically in 2023, 500 standards were added to the platform.

**Activity 4.3.8: Providing training sessions for the personnel within the Agency's standards department and for experts engaged in technical committees for standardization.**

The following activities were carried out during the reporting period:

- During the reporting period, the standards department representatives paid an educational visit to the national standards bodies of Spain and Italy as part of the twinning project.
- Representatives from the toy sector underwent training on "Toy standards, preliminary inspections of toys, theoretical and practical aspects of analytical methods (physical-mechanical and chemical).
- For the first time, the Georgian delegation participated in the meeting of the European Committee of Standardization (CEN/TC 250) and the international conference on Eurocodes.
- The National Agency of Standards and Metrology of Georgia organized an "Open Door Day" as part of the twinning project. This event provided a unique opportunity for representatives from various sectors such as business, academia, scientific fields, regulatory bodies, and laboratories to acquaint themselves with the services offered by the National Agency of Standards and Metrology of Georgia and to receive comprehensive theoretical and practical information across different domains from the National Agency's experts.

**Activity 4.3.9: Continuing the process of providing GEOSTM metrology calibration laboratories with advanced equipment to provide new and/or improved services, including at the regional level**

In 2023, standard samples were purchased and provided to the physico-chemical measurement department, while environmental sounds recording devices were procured for reference laboratories. Furthermore, a reference thermometer and a temperature calibrator for the temperature and humidity calibration laboratory are currently in the process of being delivered.

#### Activity 4.3.10: Training (including online) for GEOSTM personnel to encompass new services

Under the European assistance twinning project, visits from European experts were conducted, along with online consultations, covering areas such as acoustic measurements, pressure measurements, physical chemistry, and quality management systems compliant with ISO/IEC 17025 and ISO 17034 international standards. Additionally, as part of the legislative harmonization component (Component 1), drafts of Georgian directives (MID and NAWI directives) were prepared based on consultations with European experts. Furthermore, to sustain international recognition, European experts evaluated the laboratories and quality management system of the Institute of Metrology successfully under EURAMET.

In 2023, representatives of the Metrology Institute of the Agency participated in the following trainings:

- Using the new KCDB 2.0 version platform of BIPM databases KCDB 2.0 Online technical exchanges – COMPARISONS
- Using the new KCDB 2.0 version platform of BIPM databases for CMC writers and reviewers (Online technical exchanges - CMC Writers and Reviewers)
- Training in the general principles of work with KCDB 2.0
- BIPM Webinar "Digital References for Metrology" (Measurements supporting the global food system– EURAMET)
- Representatives from the acoustics laboratory of the Institute of Metrology conducted a study visit to the relevant laboratory at the Italian Institute of Metrology (InRIM)
- The employees from the mass and mass-related parameters department, along with the physico-chemical reference department, undertook a study visit to the Spanish Institute of Metrology (CEM) in Madrid

## Objective 4.4. Strengthening investment and SME links

**Objective Outcome Indicator 4.4.1. A database of potential local entrepreneurs/providers to be recommended to foreign investors in Georgia**

In 2023, 12 appeals were made to 6 different relevant organizations (business associations, state agencies, private consulting companies). A list of potential suppliers was sent by the Enterprise Georgia Agency to the business associations for further referral to the investor companies (through the Investor Council). Also, a request was sent through the Investors Council to identify companies that could potentially be interested in purchasing local products. The number of members of associations is several hundreds.

**Activity 4.4.1: Conducting meetings/consultations with business associations to identify prospective companies for inclusion into the database**

During 2023, the Enterprise Georgia Agency conducted 15 meetings or consultations with various business associations to identify companies suitable for inclusion into their database. Subsequently, a roster of companies and projects with potential appeal to investors was compiled and forwarded to the Council of Investors for dissemination among the associations.

## Priority 5: Fostering the development of electronic communications, information technologies, innovations, and Research and Development.

Fostering economic growth through knowledge and innovation stands as a top priority in the economic policy of the Georgian Government.

**The objective** of promoting electronic communications, information technologies, innovations, research, and development is to enhance the competitiveness and productivity of small and medium enterprises (SMEs) by stimulating the advance of electronic communications, information technologies, innovations, research and development. Maintaining/improving Georgia's SME Innovation Policy Score in the SME Policy Index: Eastern Partner Countries 2024 represents the **impact indicator** to assess the achievement of predefined priority tasks and the realization of set objectives. In 2024, Georgia's rating in the Innovative Policy component of the OECD study improved to 3.44 points, compared to 3.27 points in 2020.

“Promoting electronic communications, information technologies, innovations and research and development” is defined as one of the priority direction in the SME Development Strategy of Georgia 2021-2025 encompassing a series of targeted activities.

**Fifth priority direction - Fostering the development of electronic communications, information technologies, innovations, and Research and Development – involves 6 objectives and 14 activities.**

### **Objective 5.1. Development of innovative financing**

**Objective Outcome Indicator 5.1.1: The number of beneficiaries of innovative financial products offered by the State.**

40 startups were financed within the co-financed programme of Georgia’s Innovation and Technology Agency (GITA) during the reporting year.

Within the framework of the new grant project "Innovation Grants for Regions" launched in 2023, 41 winners were identified. In total, 81 startups were financed within programmes adapted to the regions. Compared to the base year, a 49% increase was recorded, providing startups with access to innovative finance.

**Objective Outcome Indicator 5.1.2: The number of small and medium-sized entrepreneurs who, as beneficiaries of State support programmes, have progressed to develop innovative products (at the prototype level) or services.**

The small grants program, with grants up to 15,000 GEL, was modified and replaced by a new grant project with increased funding launched by the Agency in 2023, called "Innovation Grants for Regions." As a result, the outcome indicator related to the small grants programme cannot be evaluated anymore.

#### **Activity 5.1.1: Offering co-financing grants of 150,000 GEL for startups**

In 2023, the 10th and 11th rounds of the programme were implemented. In the 10th round, 555 applications were submitted, and 20 winners were announced. In the 11th round, the Agency received 411 applications, and 20 winning startups were identified. The process of signing contracts with the winning startups has begun. In total, 40 winning startups were identified during 2023.

#### **Activity 5.1.2: Providing small grants of up to GEL 15,000.**

The previous activity was replaced by a new grant project (with increased funding) known as Innovation Grants for Regions launched by the Agency in 2023. Within this framework, funded startups have the opportunity to receive funding of up to 25,000 GEL.

During the reporting period, the mentioned programme was implemented in five regions of Georgia, namely Shida-Kartli, Mtskheta-Mtianeti, Samtskhe-Javakheti, Kakheti, and Kvemo-Kartli. In 2023, a total of 366 applications were submitted within this framework, and 41 winners were identified.

### **Objective 5.2. Promoting the development of e-commerce**

#### **Objective Outcome Indicator 5.2.1: Number of trained beneficiaries**

In 2023, 123 entrepreneurs were trained in the field of commerce development (target - no less than 700 people).

#### **Activity 5.2.1: Conducting trainings on e-commerce**

The Chamber of Commerce and Industry regularly organizes a series of comprehensive e-commerce trainings for small and medium-sized enterprise owners, available both in-person and online. In 2023, over 100 entrepreneurs participated in these trainings. The training sessions provided participants with fundamental theoretical and practical insights into various e-commerce topics, such as the definition and benefits of e-commerce, digital marketing

strategies including digital media and communication techniques, the significance of social networks in driving sales, and more.

### **Activity 5.2.2: Conducting meetings/workshops to raise entrepreneurs' awareness of e-commerce legislation**

In collaboration with the United States Agency for International Development (USAID), under the parliamentary platform, private and public dialogues (PPD) were conducted during the development and adoption stages of the Georgian Law on Electronic Commerce. Entrepreneurs were actively engaged in these private and public dialogues, totaling four meetings. These meetings were designed to comprehensively inform and educate participants about the specifics of the law in detail.

### **Objective 5.3. Accessibility of information technologies**

Objective Outcome Indicator 5.3.1: Legislative and technical framework for developing broadband networks.

Two legislative projects have been drafted to facilitate the expansion of broadband networks, (target: 5).

**Objective Outcome Indicator 5.3.2: The number of entrepreneurs who have undergone digital skills training courses**

The LEPL Georgia's Innovation and Technology Agency provided training in digital skills to entrepreneurs. In the reporting year, 825 entrepreneurs underwent this training (target: 3,000 participants).

**Objective Outcome Indicator 5.3.3:**

**The percentage of entrepreneurs who obtained an international certificate, necessary for employment, in the total number of entrepreneurs who have undergone digital skills training.**

The "Do IT with the EU" programme initiated training sessions during the reporting period. International certificates and details regarding the number of individuals who have obtained these certificates will be provided upon the programme's conclusion.

**Activity 5.3.1: Providing ICT training in various regions, covering topics such as front-end development, social media management, copywriting, graphic design, other.**

In 2023, a total of 825 individuals have received training in information and communication technology (ICT) across all eight technoparks in Georgia.

#### **Activity 5.3.2: A programme aimed at training 5,000 IT specialists in information technologies.**

The programme implemented under the name "Do IT in Georgia" enrolled a total of 1,046 individuals in 2023, with 61% of them being women and 46 people having disabilities. These participants were enrolled in three different courses offered by the programme: 534 students in programming, 203 in management, and 309 in design. All participants have signed contracts, and the courses have already commenced.

#### **Activity 5.3.3: Drafting a legislative amendment concerning the implementation of universal service**

To establish universal telecommunications services, a draft of the Georgian law on Amendments to the Law of Georgia on Electronic Communications has been elaborated, on the basis of the European Electronic Communications Code (Directive 2018/1972). The objective behind implementing universal service is to guarantee that telecommunication services are economically and physically accessible to the general population.

#### **Activity 5.3.4: Preparing a draft resolution defining the technical specifications for the internal physical infrastructure of the building and access to the building**

Under the Log in Georgia project, experts from Grant Thornton Company and its subcontractors, Analysis Mason and Pierstone, have collaborated to develop initial versions of regulations stipulated by the Georgian law on the sharing of telecommunication infrastructure and physical infrastructure used for telecommunication purposes.

#### **Activity 5.3.5: Developing draft rules for the construction of telecommunications infrastructure**

As part of consulting services, the initial drafts of the regulations outlined in the Georgian law on the sharing of telecommunication infrastructure and physical infrastructure used for telecommunication purposes were prepared.

### **Objective 5.4. Development of Broadband Infrastructure**

**Objective Outcome Indicator 5.4.1: The number of populated areas that are covered by Internet networks under the State Programme for Broadband Infrastructure Development.**

As part of the state internetization programme, a total of 155 settlements were included in the coverage in 2023 (target: 1,064 settlements).

**Objective Outcome Indicator 5.4.2: The number of populated areas (population <200) in mountainous regions covered by internet networks (community internetization)**

The construction of an optical fiber relay network was planned and implemented alongside the highway, linking the main network with the settlements of Magharoskari, Chargali, and Barishakho.

Following the network connection:

- Three main settlements are now completely covered, ensuring the network's business sustainability.
- Internet speed has nearly doubled.
- The speed of retail Internet packages has increased by 4-5 megabits per second.

Efforts are ongoing to extend Internet coverage to populated areas in mountainous regions with populations of fewer than 200 people (target: 174).

**Objective Outcome Indicator 5.4.3: The total length (Km) of fiber optic networks built in rural areas within the framework of the state programme for the development of broadband infrastructure**

During the reporting year, the construction of 800 kilometers of optical fiber highway was successfully completed under the state internetization programme. Furthermore, the total volume of completed and ongoing tenders amounts to over 2,100 kilometers (target: 5,000 kilometers).

**Activity 5.4.1: Building a community-based internet network in the settlements of the Autonomous Republic of Adjara**

In Pshav-Khevsureti, a project was initiated and carried out to build an optical fiber relay network that linked the towers located in Magharoskari, Chargali, and Barisakho. This led to improved network reliability and faster Internet speeds.

**Activity 5.4.2: Building broadband infrastructure in the target geographical areas in line with the state programme for the development of broadband infrastructure in Georgia**

The construction projects on Racha, Lechkhumi, Chokhatauri, and Kobuleti-Khelvachauri routes have been completed. Currently, construction is ongoing for the Zugdidi-Khobi and Tskaltubo-Vartsikhe-Khoni routes under a tender, while the Abasha-Senaki and Chiatura-



Sachkhere routes are at the designing stage. Additionally, a tender has been announced for the Zestaponi-Kharagauli route.

## **Objective 5.5. Development of small and medium-sized telecommunications operators**

**Objective Outcome Indicator 5.5.1: Solved problems of small and medium-sized telecommunications operators**

In the reporting year, within the framework of the meetings held with the Association of Small and Medium Telecom Operators (3 meetings), their problems (5 problems) were identified and resolved (target: 10).

**Activity 5.5.1: Holding meetings with small and medium-sized telecommunications operators to identify the problems facing them.**

Regular meetings are organized with the Association of Small and Medium Telecom Operators to tackle and solve their issues. Efforts are in progress with donor organizations to improve the "last mile" infrastructure, making use of the infrastructure set up through the state's internetization program. (Private telecom operators are expected to deliver services to the public using the wholesale network established under the state's internetization framework, specifically by establishing a retail service network) This guarantees, among other benefits, an opportunity for small and medium operators to offer telecommunication services to customers residing in rural areas. A draft of Terms of Reference (ToR) has been developed for the consulting service focusing on the feasibility study to enhance the "last mile" connection in Georgia's villages.

**Activity 5.5.2: Under the state programme for broadband infrastructure development in Georgia, supporting small and medium-sized telecommunications operators in identifying donor organizations for constructing broadband "last mile" infrastructure in target geographical areas.**

Activities aimed at developing the "last mile" connection in Georgia's villages are being carried out as part of the technical assistance provided by the World Bank under the EU4Digital Phase II programme.

## **Objective 5.6. Deepening connection between research and industry**

**Objective Outcome Indicator 5.6.1: The number of technology transfer projects that have moved to the stage of commercialization.**

In the reporting year, 4 projects with commercialization potential were selected for final commercialization (target: 1).

#### **Activity 5.6.1: Support for the commercialization of scientific projects in Georgia**

Under the technology transfer project, the Agency received 11 applications, out of which two projects successfully progressed through the initial selection stage. In total, by 2023, seven projects were in the due diligence stage (five projects chosen in 2022 and two in 2023). Four projects with commercialization potential were selected for final commercialization in 2023. Additionally, efforts are ongoing to commercialize projects selected within the Technology Transfer Pilot Program (TTPP), which identified nine projects with commercial potential. Samples of various products have been sent to industrial partners as part of this endeavor.

## Priority 6: Promoting women's entrepreneurship

The objective of fostering the advancement of women's entrepreneurship is to facilitate the expansion and development of small and medium-sized enterprises owned by women, in the face of global competition. The proportion of female entrepreneurs being founders of active business entities serves as **the impact indicator** to measure the successful fulfilment of tasks outlined within this priority area and the achievement of the set goal.

According to data from GeoStat, as of the end of 2023, the proportion of active business entities with a female founder stands at 33.1%. It's worth noting that in 2023, there were 14,792 more active business entities with female founders compared to the previous year (2022: 70,966; 2023: 85,758). Additionally, in 2023, the share of business entities founded with the involvement of female entrepreneurs represents 28.8% of the total number of business entities (2022 – 22.5%).

Several supportive measures and targeted programmes were implemented within the scope of the mentioned priority to enhance the entrepreneurial capabilities of women and to provide support to female entrepreneurs.

**Sixth Priority Direction - Promoting Women's Entrepreneurship – involves 5 objectives and 15 activities**

### **Objective 6.1. Popularization of women's empowerment principles (WEPs)**

**Objective Outcome Indicator 6.1.1: The number of informational sessions on Women's Empowerment Principles**

During the reporting year, the Enterprise Georgia Agency, in collaboration with various donor organizations, conducted 12 information sessions/trainings (target: 10).

**Objective Outcome Indicator 6.1.2: The percentage of training participants who agree that the knowledge gained from the training sessions will assist them in promoting gender equality in their endeavors.**

Following the trainings held as part of the Target Gender Equality programme, surveys conducted among the participants revealed that 85% confirmed the acquired knowledge would assist them in considering aspects of gender equality in their work (Target: 65%).

**Activity 6.1.1: Organizing meetings with women entrepreneurs to offer details about the programmes of the Enterprise Georgia Agency.**

During the reporting year, the Enterprise Georgia Agency, in collaboration with donor organizations, conducted the following meetings (3 meetings):

- "Improving financing in international trade" - seminars held in Tbilisi and Kachreti in partnership with the International Chamber of Commerce and the Asian Development Bank.
- Informational meeting for women on "Increasing access to finance in Georgia".

#### **Activity 6.1.2: Organizing awareness-raising sessions for company representatives about women's empowerment principles.**

Nine training sessions were conducted focusing on the principles of women's empowerment:

- At the Community Leaders Forum held in Tsinandali, the discussion centered on "Economic Empowerment of Women - Opportunities in Rural Areas." The forum brought together female entrepreneurs from various regions of Georgia to address the challenges they encounter and explore existing opportunities for their economic empowerment;
- The Business Federation "Women for the Future," in collaboration with the Care Caucasus organization, is undertaking a project focused on the economic empowerment of women. As part of this initiative, a working meeting was conducted, referred to as the Task Force Group, with the objective of identifying challenges regarding women's access to finance and making advocacy efforts to address these challenges.
- The business federation "Women for the Future" organized a Women Entrepreneurs Forum in three cities of Georgia: Telavi, Zugdidi, and Batumi. The forum focused on women's economic empowerment, access to finance, experience sharing by women business leaders, coaching sessions, and one-time business consultations for women entrepreneurs.
- An informational meeting was held for women on "Increasing Access to Finance in Georgia."
- An extended session of the sub-council for the promotion of women's entrepreneurship was organized by the Ministry of Economy and Sustainable Development of Georgia with the support of the USAID programme. This session, held within the Advisory Council for the Promotion of Private Sector Development, included participation from representatives of the sub-council and women entrepreneurs. During the session, invited women entrepreneurs received information about state programmes for access to finance. Additionally, a discussion was held on "Women's Entrepreneurship and

Access to Finance." Among other topics, barriers to accessing finance and hindering factors faced by female entrepreneurs were identified, and mechanisms to address these challenges were discussed.

- A session was conducted based on the results of the WEPs (Women's Empowerment Principles) as part of the "Target Gender Equality" programme.
- An information meeting titled "Gender Responsible Procurement" was held.

### **Activity 6.1.3: Organizing meetings or training sessions with companies to identify priority areas related to women's empowerment and to increase their awareness of the Women's Empowerment Principles**

Nine training or information sessions were conducted for companies on Women's Empowerment Principles.

Training within the "Target Gender Equality" programme (9.02.2023, 9 companies, 11 participants); Information meeting for women "Increasing access to finance in Georgia" (30.03.2023, 23 companies, 38 participants); Information meeting on gender equality "Women in leadership positions" (4.05.2023, 5 companies, 5 participants); Information meeting within the framework of "Target Gender Equality" programme, topic - Women's Empowerment Principles (11.07.2023, 9 companies, 12 participants); Information meeting on gender equality - equal pay (20.07.2023, 5 companies, 7 participants); Session based on the results of the WEPs (Women's Empowerment Principles), within the framework of the "Target Gender Equality" programme (26.10.2023, 8 companies); Third module within the "Target Gender Equality" programme - programmes and initiatives (22.11.2023, 8 companies); Information meeting "Gender Responsible Procurement" (15.12.2023, 8 companies); Fourth module within the "Target Gender Equality" programme (19.12.2023, 11 companies).

### **Activity 6.1.4: Offering information or organizing meetings for women entrepreneurs to provide details about upcoming international and local events, business forums, and facilitating their participation in these events.**

The Chamber of Commerce and Industry of Georgia is highly active both domestically and globally. Each year, the Chamber organizes numerous international business forums. As part of its engagement with women entrepreneurs, the Chamber provided information about both international and local events and facilitated the participation of women entrepreneurs in these business forums. In the reporting year, a total of eight business forums were organized, featuring partnerships with the United Arab Emirates, Slovenia, Armenia, Azerbaijan, Turkmenistan, Czech Republic, Uzbekistan, and Hungary.

## Objective 6.2. Improving gender-based statistics in state programmes

### Objective Outcome Indicator 6.2.1: State programme statistics are based on gender

Gender-based statistics are generated within six programmes: three programmes operated by the Georgian Innovation and Technology Agency and three programmes administered by the Enterprise Georgia Agency (target: 3).

#### Activity 6.2.1: Producing gender-based statistics of the programmes implemented by Georgia's Innovation and Technology Agency

In 2023, the Agency began generating statistical data for three projects with a focus on gender. These projects include:

- "Innovation Grants for Regions": This initiative aims to enhance the entrepreneurial and innovative environment in various regions.
- "Hardware Start-Up Incubator": The objective of this project is to provide support to individuals with technological startup concepts in Georgia. This support includes guidance in electronics, programming, and business mentorship.
- "CODE-IT in Technopark": (184 participants, including 55 women).

#### Activity 6.2.2: Producing gender-based statistics of the programmes implemented by LEPL Enterprise Georgia

Gender-specific statistics are compiled for four programmes, including: The state programme of the credit-guarantee scheme (starting from March 2023); the Produce in Georgia state programme's micro and small business support component, certification training course for export managers and universal industrial component.

## Objective 6.3. Objective 6.3. Encouraging women's participation in state programmes

Objective Outcome Indicator 6.3.1: The percentage of women participating in the state programme for Micro Grants.

In 2023, the micro and small business support component of the Produce in Georgia state program assisted 569 female beneficiaries, accounting for 50% of the total beneficiaries. (target: 50%).

#### **Activity 6.3.1: Implementing the Micro and Small Business Support Programme and prioritizing women entrepreneurs in it**

In 2023, the micro and small business support component of the Produce in Georgia state program assisted 569 female beneficiaries. Overall, from 2021 to 2023, a total of 1562 female beneficiaries were supported.

#### **Activity 6.3.2: Carrying out a pilot program tailored for women to integrate economically inactive women into active members of society within pilot municipalities, to enhance their socio-economic status and to encourage their participation in agricultural activities**

During the reporting period, the "Pilot Programme for Women" facilitated the signing of 8 contracts with 8 unique female beneficiaries across the Kakheti and Kvemo Kartli regions. The total investment amount for these contracts was 182,996 GEL, with the Agency providing co-financing totaling 164,222 GEL as per the agreement terms. Additionally, the reporting period saw the full or partial co-financing of 36 beneficiaries, which includes tranches issued as a result of agreements signed in 2022.

#### **Activity 6.3.3: Conducting information sessions targeted at women to promote their participation in innovation and technology programmes**

In 2023, an information session focusing on "Effective Presentation" was conducted for women at Kaspi Technopark, with 16 attendees participating in the session. Furthermore, the "Girls in Technology" project was carried out specifically for women at Akhmeta Technopark. The project had 52 beneficiaries.

#### **Activity 6.3.4: Organizing training sessions, workshops, and informational meetings to empower the Regional Extension Centers of the Rural Development Agency, with a specific focus on encouraging female beneficiaries**

Throughout the reporting period, the Rural Development Agency (RDA) provided training to 298 employees across various areas.

## **Objective 6.4. Strengthening women's digital skills**

**Objective Outcome Indicator 6.4.1: The number of women entrepreneurs who have participated in training sessions on digital skills**

The Chamber of Commerce and Industry, in collaboration with international partners, is actively engaged in several projects aimed at fostering the economic empowerment of women in Georgia. As part of these efforts, various training sessions catering to the specific needs of women entrepreneurs are organized in Tbilisi and various regions. During the reporting year, a total of 100 female entrepreneurs underwent training in areas such as e-commerce, marketing, digital marketing, and sales. Up to 540 women entrepreneurs having been trained thus far (target: up to 600 women entrepreneurs).

**Objective Outcome Indicator 6.4.2: The percentage of training participants who are confident that the digital skills acquired through training will enhance their business activities.**

According to feedback gathered from training participants, it was discovered that 90% of them believe that the digital skills acquired during the training will significantly enhance their business operations (Target: 70%).

### **Activity 6.4.1: Conducting e-commerce training for women entrepreneurs**

During the reporting year, e-commerce training sessions were conducted specifically for women entrepreneurs. A total of 45 female entrepreneurs participated in these training sessions.

### **Activity 6.4.2: Organizing technology camps for women.**

In December 2023, a technology camp for schoolgirls was organized, attracting the participation of 49 girls.

## **Objective 6.5. Enhancing the state institutions' capacities to develop gender-based approaches**

**Objective Outcome Indicator 6.5.1: The number of training sessions conducted to develop gender-based approaches.**

In 2023, 8 employees from the Enterprise Georgia Agency received training on gender equality



and sexual harassment, while 1 employee from the Georgian Innovation and Technology Agency underwent training in gender budgeting. Additionally, 17 employees participated in a meeting where additional strategies for promoting women were discussed.

Throughout the reporting period, a total of 6 training sessions were conducted in the area of developing gender approaches (Target: 10)

**Objective Outcome Indicator 6.5.2: The percentage of training participants who believe that the skills acquired through training will be useful in terms of integrating gender-based approaches into their activities**

85% of the training participants state that the knowledge and skills acquired during the training will be beneficial in their work (Target: 70%).

**Activity 6.5.1: Providing training for LEPL Enterprise Georgia Agency's employees on topics related to gender equality, and integrating gender principles into programme organization and analysis processes.**

8 employees from the Enterprise Georgia Agency have completed training sessions focused on gender equality and sexual harassment.

**Activity 6.5.2: Training employees on how to ensure the efficient operation of the institutional gender equality mechanism within LEPL Georgia's Innovation and Technology Agency.**

In March 2023, the UN Women hosted an external workshop where additional mechanisms for promoting women within the programmes of the Georgian Innovation and Technology Agency were discussed. A total of 17 agency employees participated in and received training during this workshop. Moreover, in 2023, two training sessions on gender budgeting were conducted, and one employee underwent training in this area.

**Activity 6.5.3: Training civil servants on topics such as gender equality, gender impact analysis, gender-sensitive planning, evaluation, monitoring, and gender budgeting.**

During the reporting period, in active cooperation with the UN Women, public officials were trained on gender-related matters, including Gender Impact Analysis (GIA). A total of 43 individuals from various agencies underwent training, including: the Parliament of Georgia, the Ministry of IDPs from the Occupied Territories of Georgia, Labour, Health and Social Protection, the LEPL Employment Agency, the Ministry of Environment and Agriculture of Georgia, the Ministry of Economy and Sustainable Development of Georgia.

## Priority 7. Advancing the development of green economy

The **objective** of fostering the development of the green economy is to encourage the participation of small and medium-sized enterprises in this sector. Maintaining and improving Georgia's score in "SMEs in the Green Economy" in the OECD SME Policy Index Study serves to be the **impact indicator** of whether Georgia has achieved its objectives and set goals within this priority direction.

It is noteworthy that in the OECD "SME Policy Index 2024" report, Georgia's score in the "green economy" metrics has shown improvement compared to its 2020 score, reaching 3.08 points. It is crucial to acknowledge that despite this progress, there are challenges ahead and substantial room for further improvement in the realm of the green economy.

Highlighting "the promotion of the development of the green economy" as a separate priority direction involves accomplishing important objectives and carrying out a range of targeted, results-oriented activities.

**Seventh priority direction - Advancing the development of green economy - involves 6 objectives and 16 activities.**

### **Objective 7.1. Developing Green Growth Strategy**

#### **Objective Outcome Indicator 7.1.1: Green Growth Strategy 2022-2027 and its Action Plan**

The promotion of green growth as a new source of growth in the country is progressively gaining significance and attention. Over recent years, Georgia has been gradually integrating environmentally friendly practices into business operations, aiming to bolster green growth initiatives in the economy and enhance environmental standards. Currently, the Environmental Impact Assessment (EIA) mechanism and the Extended Producer Responsibility outlined in the Waste Management Code of Georgia have been widely adopted. These measures, along with forthcoming progressive reforms, are expected to steadily foster green growth and promote sustainable economic development while adhering to environmental standards.

One important aspect in this regard is the formulation of a green growth strategy and its corresponding action plan, currently being developed in collaboration with the World Bank.

#### **Activity 7.1.1: Developing Green Growth Strategy 2024-2029 and its Action Plan**

The development of the green economy stands as an important priority for the government. Towards this end, the Ministry of Economy and Sustainable Development of Georgia commenced the development process for a green growth strategy and its accompanying action plan by the end of 2022. Collaboration has been established with representatives from the World Bank and an international expert, who are working in partnership to elaborate the strategy and action plan. Notably, a significant focus within this strategy is dedicated to small and medium-sized enterprises.

The Interdepartmental Council for the Green Growth Strategy and Action Plan was established by Government Decree N627 of 3 April 2023. Subsequently, based on a decision from this council, the Green Growth Strategy and Action Plan Working Group of Georgia was established on 11 April 2023. A meeting of this working group has already taken place.

During the preparatory phase, a local expert employed by the World Bank identified the regulatory framework in the country, which must be considered in the development of a green growth strategy. Subsequently, following the internal procedures of the World Bank, an international expert was selected to directly work on the strategy and action plan.

The outcomes of the preliminary research conducted by an international expert have been shared. This document outlines the potential areas that the green growth strategy will encompass in the future. It was circulated to members of the Green Growth Strategy and Action Plan working group for their feedback and input, and the comments received were then relayed to the expert. A meeting is scheduled in the near future with representatives from the World Bank and the international expert.

## **Objective 7.2. Popularization of eco-innovation approach<sup>23</sup>**

**Objective Outcome Indicator 7.2.1: The number of companies with which information meetings were held.**

The Enterprise Georgia Agency, in cooperation with its partners, held a series of information sessions (11 in total) covering the following areas:

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<sup>23</sup> Eco-innovation – business model which implies long-term operation at all stages of company activities and chain of values. New business approach, which contributes to sustainability throughout the product's life cycle and increases company ratings and competitiveness. It can assist SMEs to gain access to new and larger markets, increase their production, attract new investments and enhance their profitability.

- 5 sessions of Climate Ambition Accelerator attended by 7 companies (7 companies are registered for the programme).
- A two-day working meeting focusing on advancing sustainable development goals. The event featured a round table format and a panel discussion, with the participation of 50 small and medium-sized companies. Discussions centered on promoting an eco-innovation approach within these enterprises, as well as discussing and outlining future plans. (Dates: 8-9 June 2023, Location: Batumi)
- Under the USAID civil society engagement programme, 4 working meetings were conducted, with 31 company representatives in attendance.
- A partnership forum was convened, with more than 40 businesses in attendance. (Date: 29 November 2023)

During the aforementioned meetings, businesses from the civil sector were briefed on their priority directions and potential projects. A total of 128 companies took part in these sessions, surpassing the target of 100 participants. (target: 100).

**Objective Outcome Indicator 7.2.2: The number of SMEs implementing an eco-innovative approach**

Nine small and medium-sized companies were introduced to eco-innovative approaches and had the opportunity to implement these processes through the USAID Civil Society Engagement Programme, in collaboration with civil society organizations. (Target: 8).

**Activity 7.2.1: Organizing awareness-raising sessions for companies, public sector and business associations to popularize eco-innovation approaches in small and medium-sized enterprises**

To promote the adoption of the eco-innovation approach among small and medium-sized enterprises, information sessions were arranged for companies, the public sector, and business associations:

- A public-private dialogue concerning the draft law on industrial emissions took place at the Parliament of Georgia. The objective of this dialogue was to engage members of Parliament, government officials, representatives from the private sector, and business associations in discussions regarding the draft law. (47 participants).
- A field meeting was conducted with representatives from the private sector at the Zhinvali reservoir to address issues related to water resources management. The purpose of this public-private dialogue was to discuss the draft law of Georgia on water resources management in collaboration with members of parliament, government officials, and representatives from business associations. (45 participants).

## Objective 7.3. Developing green-financing mechanism

### Objective Outcome Indicator 7.3.1: Availability of green financial products

To accomplish sustainable development goals, implementing reforms that promote the mobilization of financial resources for environmentally friendly, secure, and equitable economic progress is of paramount importance. The financial system plays a pivotal role in this regard, as sustainable development is hardly conceivable without sustainable funding, whether from public or private sources.

To ensure financial stability and advance sustainable development, it is important to integrate environmental, social, and other sustainable development-related issues into the policies of central banks. As the central bank of Georgia, the National Bank contributes to enhancing the financial sector's role in the country's sustainable development by establishing a sustainable financing framework. This framework entails incorporating environmental, social, and governance (ESG) considerations into financial decision-making by sector participants, managing risks associated with ESG issues, and directing financial resources towards projects with positive environmental and/or social impacts. These efforts contribute to long-term economic sustainability, financial stability, and the development of "green" financial products.

In 2023, the National Bank released the "Sustainable Financing in Georgia" report<sup>24</sup> detailing the actions taken to foster sustainable financing, including the progress made in developing "green" financial products.

The proportion of green loans among all loans issued in 2022 was 1.2%, marking an increase of 0.2 percentage points compared to the previous year. Among banks that provided data on green loans, the average share of green loans in total loans was 7% for the same year.

By the end of 2022, the total value of green loans available was 1.4 billion GEL (\$530 million). This represented a 15% increase compared to the previous year, excluding exchange rate effects. In 2022, the proportion of loans issued in dollars rose to 65%, up from the previous year. Green loans accounted for 3.2% of the total loan portfolio by the end of 2022, up from 2.9% in 2021 and 2.2% in 2020. On average across banks, the share of green loans in the total loan portfolio was 6%, with the highest recorded figure reaching around 17%.

### Objective Outcome Indicator 7.3.2. Availability of green financial products

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<sup>24</sup> „Sustainable Financing in Georgia“ 2023, <https://nbg.gov.ge/publications/financial-stability-reports>

The sustainable finance taxonomy is a classification system granting social and/or sustainable status to the economic activities provided that they meet certain criteria.

According to Decree N93/04 of the President of the National Bank of Georgia of 3 August 2022 Sustainable Finance Taxonomy and Regulation on Loan Classification and Reporting according to the Sustainable Finance Taxonomy were approved. The main goal of the taxonomy is to develop the sustainable finance market in Georgia and, as a result, to contribute to the sustainable development of the country.

#### **Activity 7.3.1: Developing a new guide as part of the development of a sustainable financing framework**

Preparatory work was conducted during the reporting period to develop the new Sustainable Financing Framework guide.

#### **Activity 7.3.2: Implementing the adopted regulation on sustainable finance taxonomy**

According to Order N93/04 issued by the President of the National Bank of Georgia on August 3, 2022, the sustainable financing taxonomy and the guidelines for classifying and reporting loans based on this taxonomy were approved, effective from 1 January 2023.<sup>25</sup> The main objective of this taxonomy is to foster the development of the sustainable financing market in Georgia, consequently supporting the country's sustainable development initiatives.

### **Objective 7.4. Developing a legislative framework**

**Objective Outcome Indicator 7.4.1: The legislative framework is approximated with EU legislation**

The development and approval of regulations are currently underway in accordance with the Laws (the Georgian laws on "encouraging the production and use of energy from renewable sources," "energy efficiency," "energy efficiency of buildings," and "energy labeling") enacted as part of the obligations assumed under the Association Agreement with the European Union, as well as stipulated by membership in the Energy Union.

#### **Activity 7.4.1: Developing normative acts in compliance with the Law of Georgia on Energy Labelling**

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<sup>25</sup> Order of the President of the National Bank of Georgia, <https://matsne.gov.ge/document/view/5537339?publication=0>

According to the Law of Georgia on Energy Labeling, a total of 14 technical regulations have been developed<sup>26</sup>. Among these, 3 regulations have been approved. Additionally, 5 regulations are undergoing updates in line with changes made in the EU. Furthermore, 6 technical regulations have been prepared and are currently in the process of approval, with internal discussions ongoing.

#### **Activity 7.4.2: Developing technical regulations on ecodesign**

10 technical regulations are ready for approval. Internal discussions are ongoing.

#### **Activity 7.4.3: Continuing the process of approximating the legislative framework with the relevant EU legislation as envisaged by the DCFTA**

In 2023, Georgia approximated an additional 23 legislative acts with those of the European Union. These regulations, developed for the purpose of approximation, were made available for public consultation on the website [dcfta.gov.ge](http://dcfta.gov.ge). The approximation efforts were focused on areas such as sanitary and phytosanitary measures, technical barriers to trade, and public procurement.

As part of the dynamic approximation principle, amendments were made to the Sanitary and Phytosanitary Standards (SPS) chapter of the Deep and Comprehensive Free Trade Area (DCFTA). These amendments pertain to legislative harmonization obligations. The annex listing the relevant acts has been updated, and instead of 272 acts, Georgia's convergence table in the SPS field currently includes 200 acts.

#### **Activity 7.4.4: Elaborating normative acts in compliance with the Law of Georgia on Energy Efficiency**

As of 2023, 15 regulations have been approved, and drafts of the remaining regulations have been prepared. These drafts are scheduled to be approved in 2024.

#### **Activity 7.4.5: Elaborating normative acts in compliance with the Law of Georgia on Promoting the Production and Use of Energy from Renewable Sources**

As of 2023, 8 regulations have been approved. The remaining regulations will be developed and approved by December 2025.

#### **Activity 7.4.6: Developing normative acts in accordance with the Law of Georgia on Energy Efficiency of Buildings**

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<sup>26</sup> Note: Two technical regulations have been consolidated into a single technical regulation.

As of 2023, 4 regulations have been approved. Drafts of the remaining acts have been prepared and are scheduled to be approved in 2024.

## Objective 7.5. Developing eco-tourism

### Objective Outcome Indicator 7.5.1: Eco-tourism strategy 2021-2031 and action plan of Georgia

The Georgian Ecotourism Development Strategy 2020-2030 and a 3-year action plan (2021-2023) have been approved at the initiative of the National Tourism Administration, with the technical and financial support of GIZ, and through the involvement of the National Forestry Agency, the Agency of Protected Areas, and the Ecotourism Association.

The "Ecotourism Development Strategy of Georgia" aligns with the National Tourism Strategy of Georgia (2025) as well as with the visions and strategies for ecotourism development of the protected areas and national forestry agencies. The strategy underscores that ecotourism, characterized by its focus on people, communities, and local resources, is closely intertwined with agro- and community-based tourism, serving as a vital instrument for sustainable development<sup>27</sup>. A draft action plan for the strategy covering the years 2024-2026 has been formulated.

### Objective Outcome Indicator 7.5.2: Trails built for the development of ecotourism infrastructure

Three new trails (93 km.) were organized in seven protected areas (target: 10 new well-equipped trails (about 170 km.).

### Objective Outcome Indicator 7.5.3: Increased area of protected territories

Promoting and expanding protected areas to support ecotourism development is a significant focus in the country, identified as a priority action in [the Georgian Ecotourism Strategy](#).

In 2023, the area of protected areas expanded by 116,050 hectares compared to the previous year (target - increased by at least 185,000 ha).

### Activity 7.5.1: Organizing trails

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<sup>27</sup> Ecotourism – Ecotourism is a type of green tourism that aids the conservation of fragile regions, environment, and communities. It means responsible travel to natural areas, conserving the environment and improving the well-being of the local people. It is intended as a low-impact and often small-scale alternative to standard commercial mass tourism. It is a form of sustainable tourism that has far more purpose than simply going to a destination. Ecotourism with its people-centered, community-oriented, and resource-based characteristics is linked to agri- and community-based tourism, and its key solution to sustainable development.



To promote the development of ecotourism, a system of ecotourism trails spanning 369 kilometres was established across seven protected regions:

- An 18-kilometer eco-educational trail was established in the Batsara-Babaneuri protected area.
- A network of 25 kilometers of hiking trails was developed within the Mariamjvari protected areas.
- A 50-kilometer network of hiking trails was established in Tetrobi Obretili.
- A network of paths connecting the protected areas of the Imereti caves and the Samegrelo natural monuments complex was organized, totaling 58 kilometers (11 kilometers in Imereti and 47 kilometers in Samegrelo).
- A network of 118 kilometers of hiking trails was developed in the Lagodekhi protected areas.
- A 100-kilometer network of trails was organized within Erusheti National Park.

### **Activity 7.5.2: Establishing and/or expanding protected areas**

New laws came into effect during the reporting period on:

- Establishment and management of Kvereti reserve - 14,797 hectares.
- Establishment and management of Racha protected areas - 50,835 hectares.
- Establishment and management of Tana and Tedzami protected areas (Tana and Tedzami protected landscape and Tana reserve) -32,850 hectares.
- Establishment and management of Machakhela protected landscape - 4,294 hectares.
- Establishment and management of Nugzar Zazanashvili Samukhi multipurpose area - 13,273.43 hectares. Overall, in 2023, the area of protected areas increased by 116,049.43 hectares.

### **Activity 7.5.3: Organizing hiking trails**

In 2023, the National Tourism Administration identified and designated 11 hiking trails across three regions: Imereti, Mtskheta-Mtianeti and Samegrelo. The total length of the trails: 185 kilometres.

### **Activity 7.5.4: Developing an agrotourism guide and a corresponding action plan**

The National Tourism Administration of Georgia, in collaboration with relevant agencies such as the Ministry of Environment and Agriculture, as well as industry associations, worked together to develop an agrotourism guide and corresponding action plan spanning from 2023 to 2026.

## Objective 7.6. Raising small and medium entrepreneurs' awareness about environmental issues

**Objective Outcome Indicator 7.6.1: The percentage of training graduates who believe that the knowledge gained from training courses will assist them in implementing environmental measures**

Small and medium-sized entrepreneurs received awareness-raising sessions on environmental issues, and information meetings were conducted to introduce them to new legislative regulations in the environmental sector.

The percentage of individuals who believe that the knowledge gained on environmental issues will assist them in implementing environmental measures is 65% (target: 60%).

### Activity 7.6.1: Conducting trainings on green approaches for small and medium entrepreneurs

Training sessions were conducted to educate small and medium-sized entrepreneurs on green approaches. In 2023:

- 167 technicians working with refrigerant equipment successfully obtained certification. According to Georgia's legislation, only certified technicians are authorized to service refrigerant devices. The Ministry of Environmental Protection and Agriculture's Environmental Information and Education Center oversees the certification process and issuance of the necessary certificates.
- The final three phases of a four-stage training program titled "Environmental Protection and Pest Control Measures, Identification of Apiaries" were conducted for beekeeper-farmers. These trainings took place across 11 different regions, including Tbilisi, Shida Kartli, Kvemo Kartli, Kakheti, Samtskhe-Javakheti, Samegrelo-Zemo Svaneti, Racha-Lechkhumi and Kvemo Svaneti, Mtskheta-Mtianeti, Imereti, Guria, and Adjara. A total of 2,785 participants took part in these training sessions.
- In 2022, the Environmental Information and Education Center obtained authorization to conduct a vocational training programme "forest inventory and taxation". This programme was implemented in 2023, training a total of 12 individuals.
- In 2022, the Environmental Information and Education Center was granted the right to administer a vocational training programme "Environmental Managers". This programme was carried out in 2023, with 21 individuals completing the training.

### Activity 7.6.2: Organizing awareness-raising meetings on new environmental regulations

Informational meetings were conducted to provide insights into the recently enacted legislative regulations related to environmental matters.

- As part of the Governance Reform Fund (GRF) project, which aims to enhance public participation mechanisms in environmental decision-making and promote environmental education, a training session was held for the small and medium business sector. The focus was on the environmental responsibility system, with 28 participants in attendance. • Additionally, four informational meetings were organized to discuss the upcoming changes in certification rules for technicians servicing equipment using refrigerants. These meetings were attended by 78 technicians specializing in this field.
- Within the framework of the Governance Reform Fund (GRF) project – Enhancing Public participation in the environmental decision-making process and promoting environmental education – a training session was held for the small and medium business sector. The focus was on the environmental responsibility system, with 28 participants in attendance.
- Additionally, four informational meetings were organized to discuss the upcoming changes in certification rules for technicians servicing equipment using refrigerants. These meetings were attended by 78 technicians specializing in this field.
- An informational meeting was held to inform about the approval of the financial security rule regarding the risk of environmental harm from activities deemed particularly hazardous to the environment. There were 58 attendees present.
- A public discussion was conducted regarding the draft of the 2023-2025 air quality management plan for the central zone, with 38 participants engaged in the dialogue.
- Informational sessions were organized on the theme of "Nature-based solutions," four meetings with a total of 167 participants.
- Three public consultations were held across Kutaisi, Telavi, and Tbilisi regarding the "Green Book" of the Climate Change Law, attracting a total of 491 participants.
- As part of the Governance Reform Fund (GRF) project, a meeting was convened with stakeholders to share the preliminary findings of the National Greenhouse Gas Inventory, with 28 individuals in attendance.

## Risks and Challenges

As per **the 2023-2025 action plan** of the small and medium entrepreneurship development strategy, **six activities were not initiated** in 2023. **These activities include**

**Activity 1.6.2: Providing training sessions for entrepreneurs to familiarize them with the usage of the unified portal of e-services (My.gov.ge).**

Due to ongoing updates to the my.gov.ge portal throughout 2023, the planned training sessions for business entities on using the unified electronic services portal could not proceed as intended. The updates involved significant changes to both the portal's interface and the range of services offered. As these updates were not finalized in 2023, it was deemed more suitable to conduct the training sessions in 2024. This decision was made with the intention of waiting until the updated my.gov.ge website is completed and launched into the live environment, ensuring that all integrated services on the portal are fully accessible.

**Activity 1.7.1: Creating a legal framework to define the categories of insolvency practitioners eligible to handle various types of insolvency cases according to their complexity.**

As per Paragraph 3 of Article 11 of the Law of Georgia on Rehabilitation and Collective Satisfaction of Creditors, the Minister of Justice of Georgia is granted the authority to determine, through an order, the categories of insolvency practitioners eligible for different types of insolvency cases, considering their varying levels of complexity. However, based on information obtained from the Supreme Council of Justice of Georgia, the LEPL National Enforcement Bureau and the Association of Business Rehabilitation and Insolvency Practitioners, it has been determined that at this stage, there is no need to establish a legal framework for categorizing insolvency practitioners due to the limited number of ongoing cases.

Paragraph 3 of Article 11 of the Law of Georgia "On Rehabilitation and Collective Satisfaction of Creditors" gives the Minister of Justice of Georgia the authority to determine by order the categories of insolvency practitioners who will be admitted to different types of insolvency cases, taking into account their complexity. Based on the information received from the Supreme Council of Justice of Georgia, the "National Bureau of Enforcement" and the Association of Business Rehabilitation and Insolvency Practitioners, at this stage, due to the paucity of current cases, the need to create a legal basis for the categorization of insolvency practitioners was not identified.

**Activity 3.5.4: Translating the latest SME IFRS standards released by the IFRS Foundation, preparing relevant training materials, and conducting training sessions, to assist small and medium-sized enterprises with the adoption of International Financial Reporting Standards (IFRS).**

In 2015, the International Financial Reporting Standard (IFRS)<sup>28</sup> was issued, prompting the implementation of the TOT project. This project is designed to enhance the skills of accountants and financial professionals working within the small and medium-sized business

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<sup>28</sup> Note: SME IFRS standard - International Financial Reporting Standards of small and medium-sized enterprises

sector. Looking ahead, it is anticipated that the IFRS Foundation will unveil an updated SME IFRS standard around 2025/2026. As per legal requirements, accounting and reporting services must adopt new standards within six months of the revised standard's release. Therefore, to support small and medium-sized enterprises in adopting SME IFRS standards, it will be necessary to train accountants and ensure their familiarity with the requirements of the new standard starting from 2025/2026.

#### **Activity 4.3.2: Applying to the EA for recognition of accreditation for bodies providing audit and certification of management systems, to organize an assessment**

Currently, the Accreditation Centre, in collaboration with the German Institute of Metrology, is initiating a project to conduct informational meetings aimed at various potentially interested groups regarding accreditation in audit and management. The implementation of these measures is scheduled to commence in 2024.

#### **Activity 4.3.3: Extension of international recognition in IAF, based on EA recognition of accreditation for bodies providing audit and certification of management systems**

After receiving recognition from the EA in the field of certification of management and audit systems, a corresponding application will be submitted to the IAF.

#### **Activity 4.3.5: Extension of recognition of the European co-operation for Accreditation (EA) in bodies providing audit and certification of management systems**

The Accreditation Centre will submit a corresponding application to the EA after issuing at least one accreditation in the specified field.

## **Implementation of the 2023 Action Plan**

The report outlines the progress of implementing the designated activities by the responsible agencies as defined in the action plan as of 2023.

In 2023, out of a total of 145 activities encompassing all seven priority areas outlined by the strategy for the development of small and medium entrepreneurship in Georgia and the corresponding action plan for 2023-2025: **97 activities were fully implemented, 15 activities were largely completed, 24 activities were partially completed, 6 activities have not been started, 2 activities were canceled, and 1 activity was suspended.**

The aforementioned report was compiled by the Economic Policy Department of the Ministry of Economy and Sustainable Development of Georgia. This report was based on the information provided by the responsible agencies/departments as specified in the action plan.

## **Annex - consolidated status report**

Annex: Excel file.