

CREATING A BETTER BUSINESS ENVIRONMENT FOR RURAL SMALL AND MEDIUM-SIZED ENTERPRISES IN GEORGIA



Rural Small & Medium
ENTERPRISES DEVELOPMENT
GEORGIA



Heavily oriented toward low valued-addition activities including agriculture, agri-processing and trade, rural SMEs contribute only 16% of total SME output in Georgia. This underperformance in the rural economy is itself both a cause and effect of unequal access to the key services and resources upon which a thriving SME sector depends.

The Rural SMEs Development project aims at **increasing rural income and employment** in Georgia. The project intervenes to strengthen both the supply and demand-side of the market to **improve financial and business support services** to rural SMEs.

The direct beneficiaries of the project are SMEs and the market players (national agencies, business associations and consultancies) providing business advisory services to rural SMEs. The end beneficiaries will be SME employees and women and men in rural areas of Georgia, including *leave no-one behind* (LNOB) groups.

PROJECT: Rural Small and Medium Enterprises Development (RSMED)

COUNTRY

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

KEY STAKEHOLDERS

National Agencies, Sector and Business Associations, Business Support Services (BSS) Consultancies, and Financial Services providers

TARGET GROUPS

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

DURATION

December 2020 – December 2024 (Phase 1)

BUDGET

CHF 4 500 000

IMPACT

- 12,600 rural women and men realise a tangible benefit that contributes to the reduction of poverty and inequalities.
- 3,600 people have new or better employment
- 1,500 SMEs benefit with additional income, reduced costs, and/or improved resilience

APPROACH AND OBJECTIVES

Through its Market Systems Development (MSD) approach, the Rural SMEs Development Project promotes building a more effective and resilient system of rural SME services and support based on a realistic assessment of the capacity and incentives of market actors and project partners to guide and sustain those services.

The objectives of the project are to:

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

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