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Government Program "Produce in Georgia" 2015 year in numbers



MINISTRY OF ECONOMY AND SUSTAINABLE
DEVELOPMENT OF GEORGIA



In June 2014 the Ministry of Economy and Sustainable Development of Georgia, together with the Ministry of Agriculture, launched a new government program "Produce in Georgia".

The program was initiated by the Prime Minister of Georgia Irakli Garibashvili and is directed towards the entrepreneurship development through establishing new enterprises, advancing existing ones and promoting entrepreneurial culture in the country.

Additionally, the program focuses on increasing the competitiveness of the private sector and enhancing country's export potential.

Produce in Georgia incorporates 3 components:

- ⦿ Access to Finance
- ⦿ Access to Infrastructure
- ⦿ Consulting Services

The Program is implemented by:



ENTERPRISE GEORGIA



Agricultural
Projects Management Agency



133 PROJECTS

TOTAL INVESTMENTS: ₾ 355 600 000

NEW JOBS: 6 759



See more information on page 4

Film producers and hotel developers will also benefit from "Produce in Georgia"

Besides implementing the SME support projects, during 2015 Enterprise Georgia actively focused on analyzing the market trends and came up with two new projects which will help explore the untapped potential of film industry in Georgia and also assist entrepreneurs develop hotels across the country.

Hotel incentive scheme

From 2016, entrepreneurs operating in the regions of Georgia will have the chance to get involved in a new component of the state program "Produce in Georgia." According to the decision of the government, and based on the market demand, a hotel development incentive scheme is being introduced to promote the hospitality business across the country, attract an increasing the number of tourists, create jobs and develop each region of Georgia.

In the frames of the hotel development initiative, entrepreneurs will receive financial and technical assistance from the state.



1 HOTEL DEVELOPMENT/ EXPANSION CO-FINANCING OF LOANS

10% interest Rate Co-financing for the first 2 years.
- Minimum loan volume – GEL 500 000
- Maximum loan volume – GEL 1 000 000
- Partial collateral guarantee for the first 4 years, 50% of the total loan (Upper limited GEL 500 000)
Co-financing of consulting services



2 DEVELOPMENT OF BRANDED HOTELS

Co-financing of Franchise/Management Contract
- Co-financing of Franchising/Management agreements for the first 2 years (up to GEL 300 000 annually)
- Co-financing of consulting services



Hotel incentive scheme

Continued from page 1

On top of this, the government is promoting the entrance of international brand hotels via franchise or management contracts and is financing royalties for hotel owners participating in new component of "Produce in Georgia".

Any interested entrepreneur based in the regions of Georgia except for Tbilisi and Batumi is able to:

- Develop a hotel
- Expand and refurbish an existing one
- Sign a franchise or management

contract with a renowned hotel brand. The "Produce in Georgia" program will support with:

- Interest Rate Co-financing
 - Partial collateral guarantee
 - Technical Assistance
 - Financing franchise Royalty fee
- Enterprise Georgia, under the Ministry of Economy and Sustainable Development, will provide financial assistance in the following manner:

1. Hotel development/ expansion

Co-financing of Loans

- 10% interest Rate Co-financing for the first 2 years.
- Minimum loan volume - GEL 500,000
- Maximum loan volume - GEL 1,000,000
- Partial collateral guarantee for the first 4 years, 50% of the total loan (Upper limit GEL 500,000)
- Co-financing of consulting services

2. Branded Hotel Development

- Co-financing of Loans and Franchise/Management Contract
- Co-financing of Franchising/Management agreements for the first 2 years (up to GEL 300,000 annually)
- 10% interest Rate Co-financing for the first 2 years.
- Minimum loan volume - GEL 500,000
- Maximum loan volume - GEL 5,000,000

- Partial collateral guarantee for the first 4 years, 50% of the total loan (Upper limit GEL 2,500,000)
- Co-financing of consulting services

3. Development of Branded Hotels

- Co-financing of Franchising/Management agreements for the first 2 years (up to GEL 300,000 annually)
- Co-financing of consulting services

Film industry incentive scheme now available in Georgia

From now on international film producers are invited to re-explore Georgia as one of the most favorable filming destinations, since in the frames of the state program "Produce in Georgia," the government of Georgia has introduced a special film industry

incentive- a cash rebate scheme, and coupled it with the amazing filming locations that the country as to offer in terms of nature and existing infrastructure.

The major goal of the new initiative is to popularize Georgia as a filming destination, share the experience of experienced producers and directors, and, at

the same time, encourage the shooting of international films and other products in Georgia.

Enterprise Georgia offers local and international producers from 20% to 25% rebate of qualified expenses incurred in Georgia on the following production: Feature Film, Internet/TV Film, Drama/

Series, miniseries (including pilots), Animated Film, Documentary, Commercials, Reality Show and Music video.

For the maximum comfort of producers, Enterprise Georgia will ensure the provision of production services based on the "One Stop Shop" principle that covers location scouting, scheduling,

and assistance in procurement of permits, coordination & communication with various stakeholders.

The film industry promotion project was jointly designed by the Ministry of Economy and Sustainable Development of Georgia and the Ministry of Culture and Monument Protection of Georgia.

Supporting Micro and Small Enterprises

From March 2015, Enterprise Georgia, under the Ministry of Economy and Sustainable Development of Georgia, launched a special program to support Micro and Small enterprises in the regions of Georgia. The project is implemented in the frames of the state program "Produce in Georgia."

THE MAIN OBJECTIVES OF THE PROGRAM:

- Establishment or the expansion of regional enterprises
- Diversification of regional products and services
- Promoting modern business practices
- Increasing income of regional population

GOVERNMENT CO-

FINANCING SCHEME:

- One entrepreneur / up to 5,000 GEL government financing/beneficiary investment obligation minimum 20%
- Two entrepreneurs / up to 10 000 GEL / beneficiary investment obligation minimum 20%
- Three entrepreneurs / up to 15 000 GEL/beneficiary investment obligation minimum 20%

TECHNICAL ASSISTANCE:

- Individual and group consultations
 - Business plan writing training
 - Business administration training
- In order to advance the Business Technical Assistance component, Enterprise Georgia signed an MoU with "Tegeta Motors" company and "Mgzavrebi" hotel. Both companies will share experience and knowledge with project beneficiar-

ies. Consequently, Enterprise Georgia aims to increase the efficiency of the people enrolled in the small and micro enterprise support project, raise their qualifications and advance relevant skills.

BEFORE RECEIVING GOVERNMENT CO-FINANCING, BENEFICIARIES WENT THROUGH A THREE STAGE CONTEST:

Stage I- Business Idea Contest, aimed at identifying the best business undertakings via submission of an online application form.

7846 business ideas out of 12711 were registered through an online application form at the initial stage. The program gives regional entrepreneurs an opportunity to unite their efforts, therefore a maximum of three people are allowed to submit a common business plan.

Stage II- Business Plan Writing Train-

ing. Authors of the best business ideas are given an opportunity to take special trainings in order to draft a professional business plan 2835 business ideas were selected for the training stage and 3118 people were trained.

Stage III-Business Plan Contest and government co-financing.

By the end of 2015, Enterprise Georgia had signed contracts for 999 approved business plans, and respectively 1550 entrepreneurs will be financed. The total sum of the government co-financing equals 7,174,813 GEL. 3822 jobs are expected to be created in the frames of the already financed projects. Women entrepreneurs have been very active since their share in the financed projects is over 36%.

Beneficiaries share the risks of the project via 20% cash co-financing and only after spending their money is gov-

ernment funding transferred to the respective account.

Since Georgia is an agricultural country, 40% of the approved business ideas cover agricultural activities, however, there are a number of service-oriented business plans like developing hotel infrastructure, tourism related services, beauty salons, and car service. Business plans related to metal, wood and plastic processing were also registered.

IN TERMS OF THE INNOVATIVE APPROACH, THE FOLLOWING SHOULD BE NOTED:

1. Waste recycling and production of polypropylene raw materials
2. Tea production from Stevia plant (Stevia contains high level of sugar and has natural curative features)
3. Making bio fuel breaks from recycled trees.

Success Stories Micro Business Support

Bakery

Nona Bjalava is another example of an entrepreneur who managed to start up her own business in the frames of the project Support to Micro and Small Enterprises. With the money she received from the government she managed to renovate a space located in Bolnisi and purchase all the equipment necessary to run a successful bakery.

Judging on the sales numbers, the business is competitive and Ms Bjalava is really optimistic about the future of her bakery.



Auto Tech Shop

In the frames of the program Support to Micro and Small Enterprises, Mikheil Minasyan equipped his auto tech facility (located in Samtskhe-Javakheti, Akhaltsikhe) with modern machinery for painting and drying cars. The upgrade resulted in the improved quality of services and now Mr Minasyan is able to accommodate not just the demand from Akhaltsikhe but from other municipalities as well.



Greenhouse

Before the micro program was launched in the Sachkhere region, it was just a dream of three friends who owned a small piece of land to build a green house. However, after successfully passing all the selection stages of the program and receiving the grant and training on how to organize and run a business, it became possible to start building not just a greenhouse but also a warehouse to store the harvest.

Nowadays, the micro business is developing step by step and will soon be able to offer its products to consumers.



Fast Food Restaurant

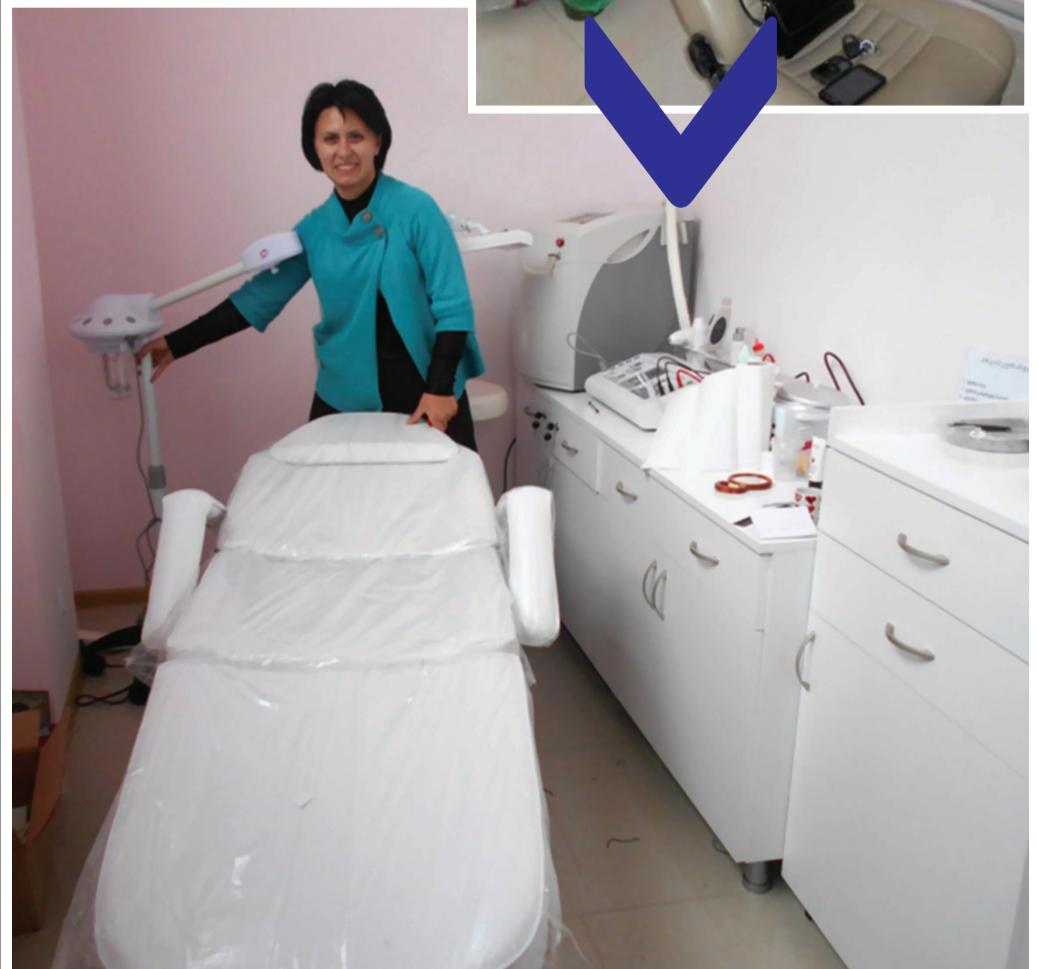
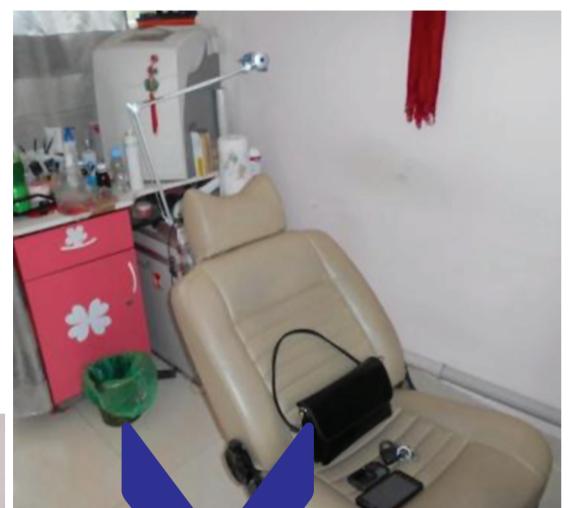
Nana Chkheidze had always wanted to run a fast food restaurant and the project made it possible for her. With her own savings she renovated the space and purchased necessary ingredients while with the government grant money she bought all the necessary equipment (fridge, microwave, etc).

The restaurant is located on the road to a very popular nearby resort and is surrounded by schools, kindergartens and offices.



Cosmetology Salon

With support from the project, Natalia Sandadze-Gabunia managed to upgrade her cosmetology salon with modern furniture and equipment. The total investment value of the project is only 3,455 GEL but has resulted in the improved working conditions of Ms Sandadze -Gabunia and increased the number and quality of services she can offer to her clientele.





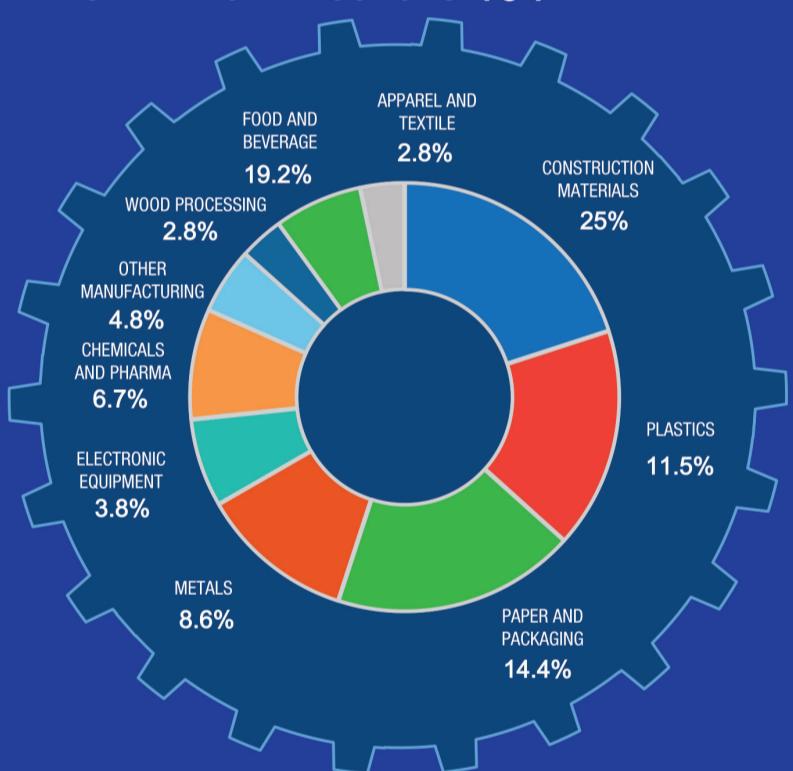
GOVERNMENT PROGRAM “PRODUCE IN GEORGIA” 2015 IN NUMBERS

TOTAL INVESTMENTS:

TBILISI	₾ 26.5 MLN
KVEMO KARTLI	₾ 49.9 MLN
SAMEGRELO-ZEMO SVANETI	₾ 55.9 MLN
KAKHETI	₾ 20.5 MLN
MTSKHETA-MTIANETI	₾ 21.3 MLN
ADJARA	₾ 19.3 MLN
GURIA	₾ 4.9 MLN
SHIDA KARTLI	₾ 4.8 MLN
IMERETI	₾ 7.9 MLN

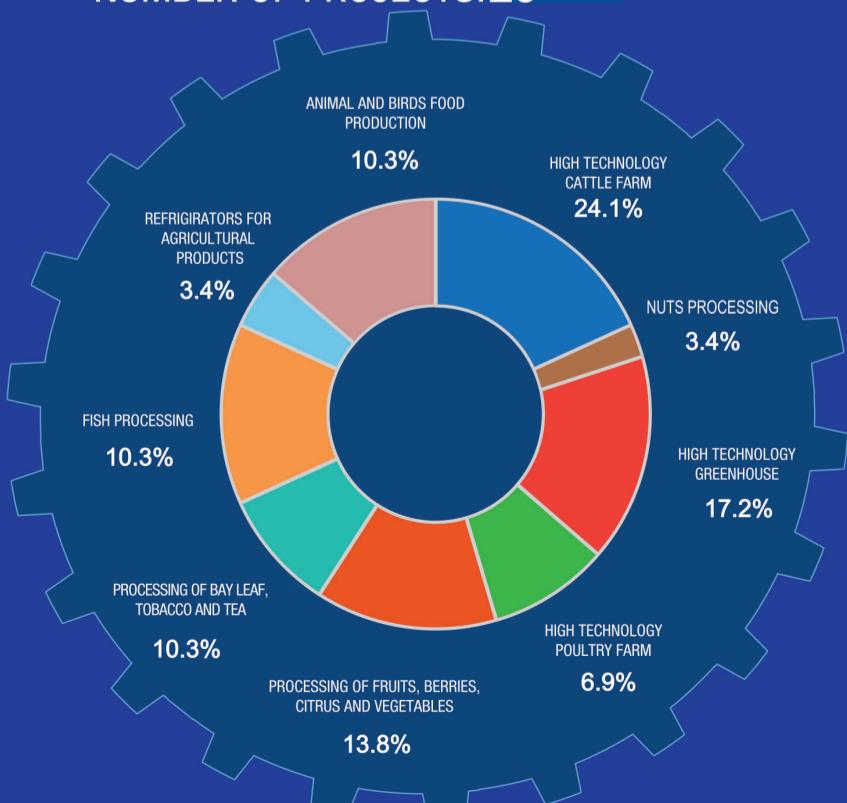
INDUSTRY

NUMBER OF PROJECTS: 104

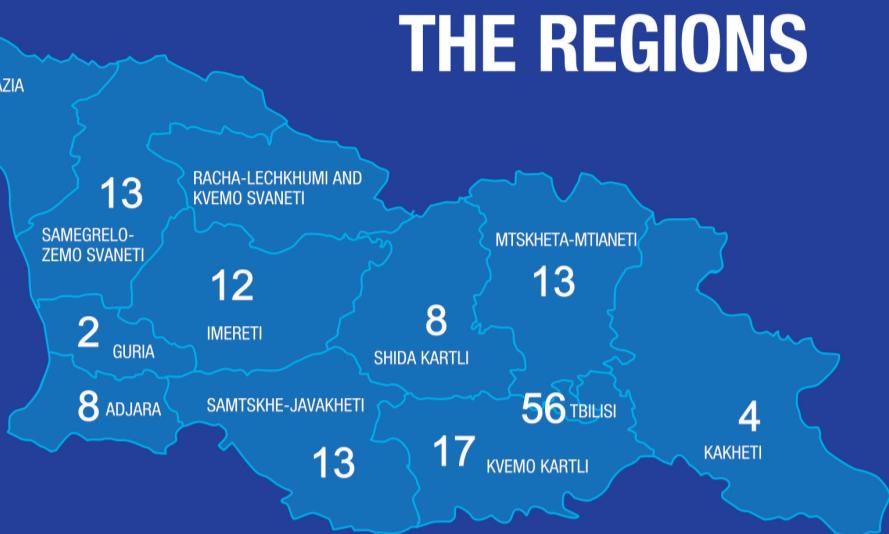


AGRICULTURE

NUMBER OF PROJECTS: 29



PROJECTS ACCORDING TO THE REGIONS



TOTAL INVESTMENTS: ₾ 253.2 MLN

Construction Materials	26.5%
Paper and Packaging	15.9%
Plastics	7.2%
Metals	15%
Chemicals and Pharma	8%
Electric Equipment	3.7%
Other Manufacturing	4.1%
Food and Beverage	16.3%
Wood Processing	1%
Apparel and Textile	2.4%



TOTAL INVESTMENTS: ₾ 102.4 MLN

High Technology Greenhouse	25.3%
Animals and Birds Food Production	7.3%
High Technology Cattle Farm	22.1%
Processing of Fruits, Berries, Citrus and Vegetables	8.6%
High Technology Poultry Farm	5.2%
Processing of Bay Leaf, Tobacco and Tea	6.3%
Fish Processing	23.4%
Refrigerators for Agricultural Products	0.7%
Nuts Processing	3.4%