



ევროკავშირი
საქართველოსთვის

EU4Business



Implemented by
giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

“SME Development and DCFTA in Georgia”

A Project Snapshot

Project Highlights and Cluster Development

Tbilisi, 5th December 2017



Contents

- ❑ Brief Overview of the Project
- ❑ Project Highlights across Components
- ❑ Cluster Development
 - Approach
 - Challenges
 - Achievements





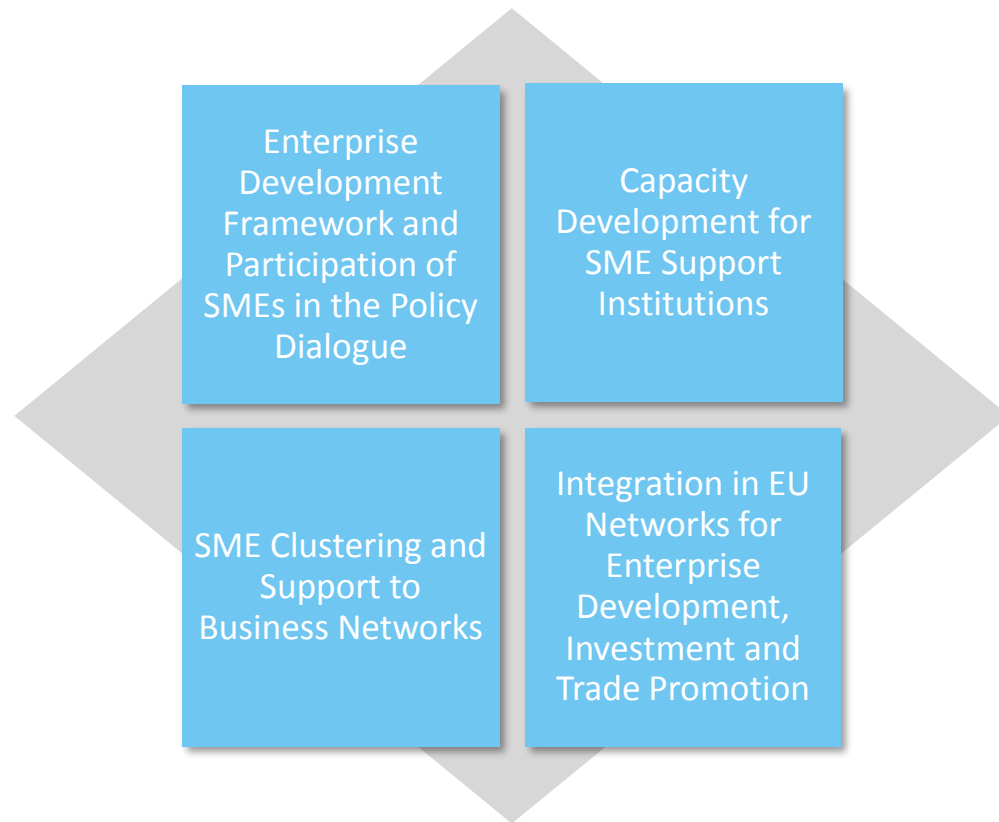
SME Development and DCFTA in Georgia

Overall Context	EU4Business
Framework EU Action	Support to EU-Georgia DCFTA and SMEs
Timeline	11/2015-11/2019
Volume	5 Mio EUR
GIZ Affiliation	Private Sector Development Programme in the South Caucasus
Implementing Partner	Ministry of Economy and Sustainable Development of Georgia



Four Project Components

To lay the ground for
empowering the SME
sector to ensure
broad-based growth





Project Intervention Highlights

DCFTA Website

National Export
Development Strategy

Strategic and
Management Advisory

Capacity Building of SME
Support Institutions

DCFTA Info Centre

ICC-Georgia

Enterprise Georgia

State Procurement
Agency

Enterprise Europe
Network



DCFTA Web Portal

A single, official integrated governmental online platform for effective communication and information sharing on DCFTA implementation process in Georgia.

This intervention directly contributes to the project objective: development of a joint information and communication package on DCFTA related issues.





DCFTA Web Portal

Project support so far:

- Website development
- Website launch event
- Continuous support in management
- Five video tutorials for entrepreneurs on:



Rules of Origin

Tariffs

Procedures for export to the EU

Certificates for products of animal and non-animal origin

Production and certification of industrial products



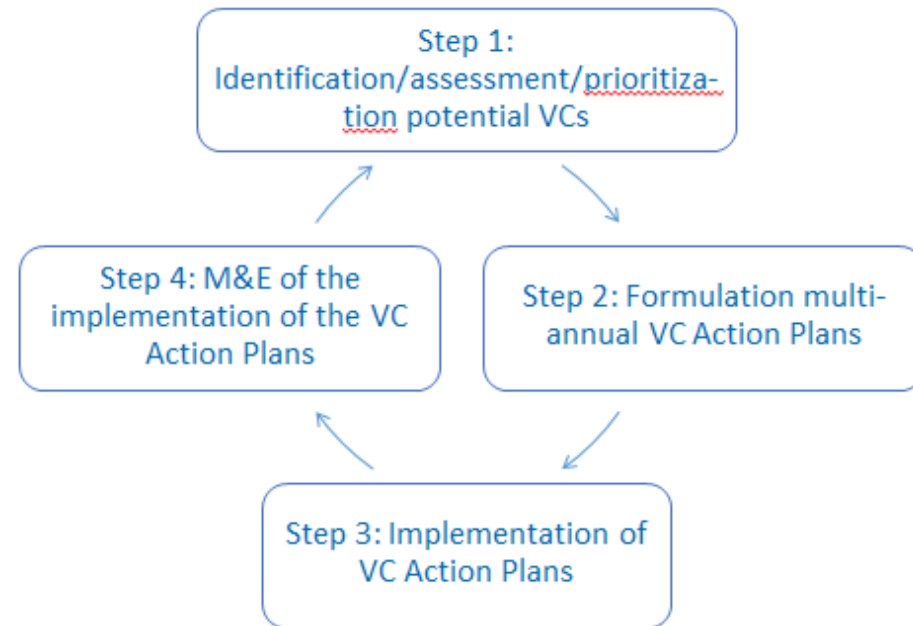
National Export Development Strategy

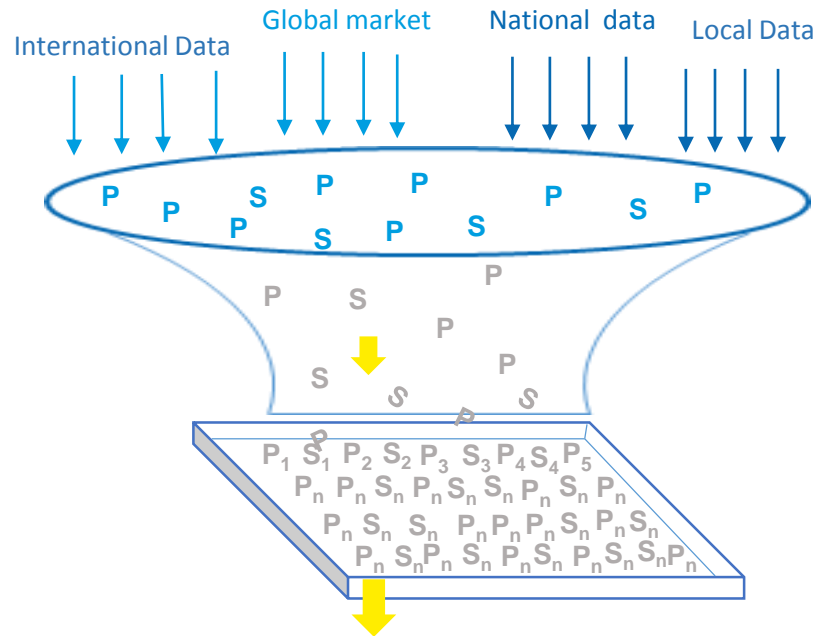
- ❑ Development of methodologies for priority sector identification and analysis
- ❑ Action Plans for Development of 4 Export-oriented Value Chains, with competitive analysis for target markets
- ❑ Capacity Building and manuals (VC selection, competitive analysis and action plan design) for Government officers



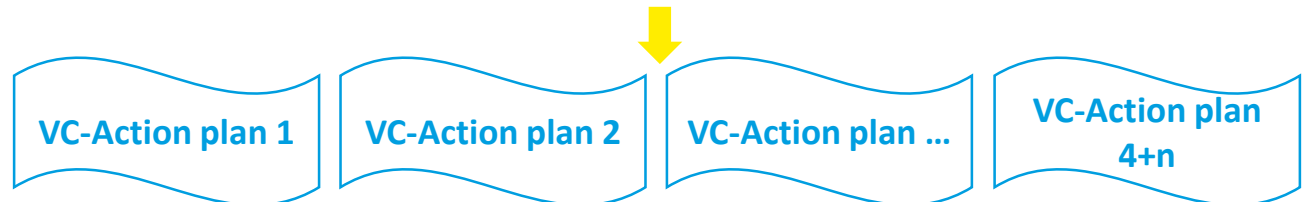
...are able to carry out such research and analysis independently

- ❑ Export Development and Promotion Strategy



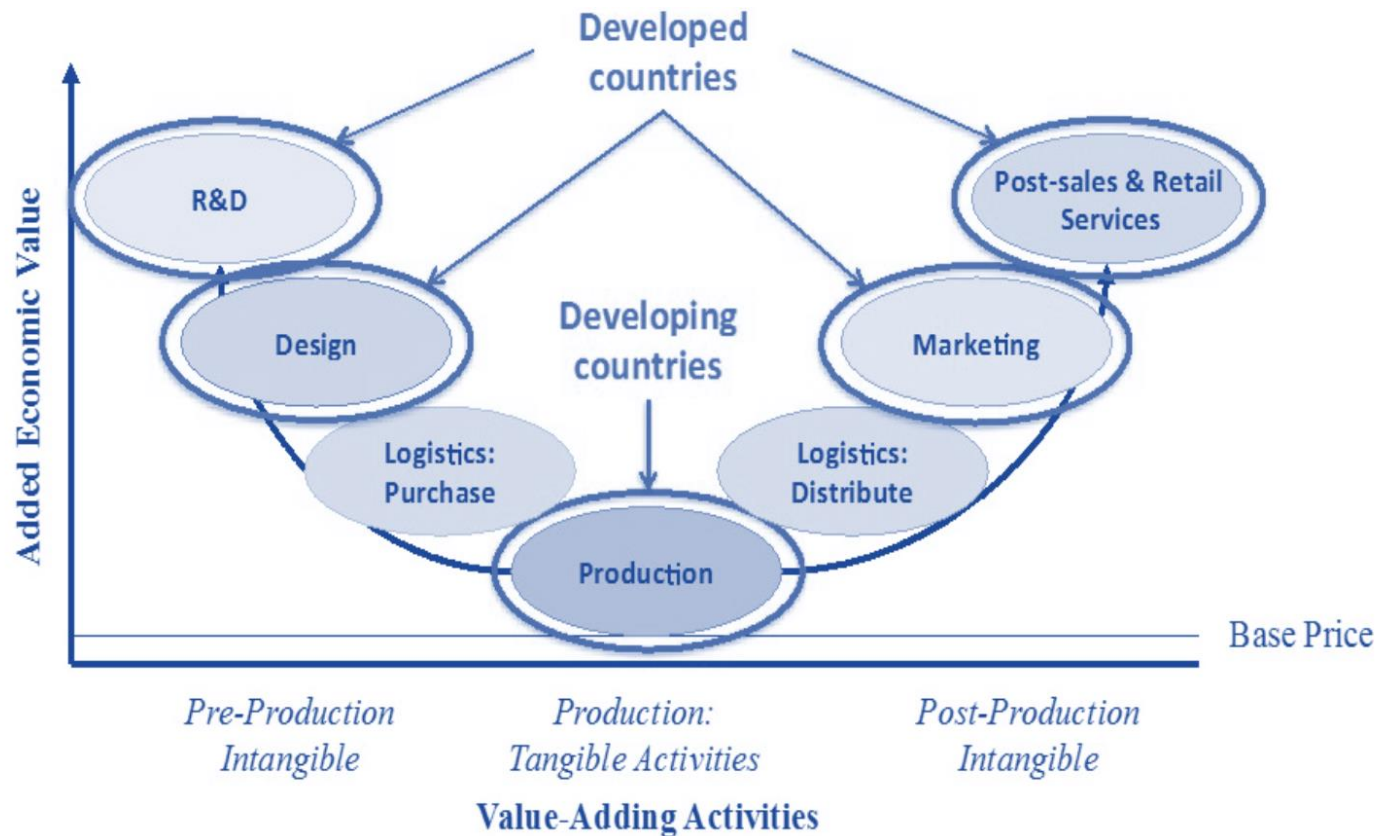


A Methodology to identify Georgia's most promising value chains





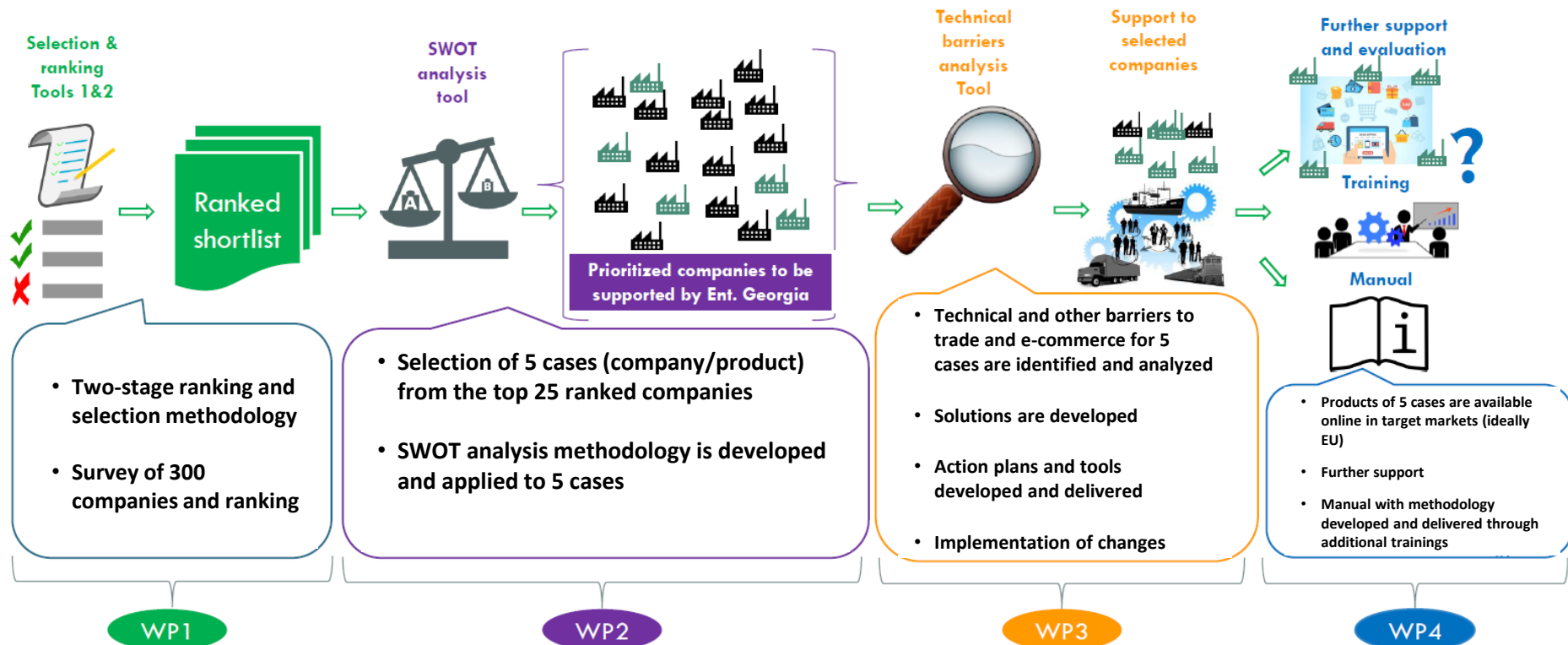
Value and gain locations in global value chains



Source: Gereffi (2016)



E-commerce: SMEs export through e-commerce





Three companies to receive direct support

Selected from a long list of more than 250 SMEs:

- Gotsi** – Leather products and Accessories
- Farkoni** – Natural products from wild berries
- Marilisi** – Jewelry, including enamel



MARILISI

FARCONI Ltd.



ევროკავშირი
საქართველოსთვის

EU4Business



Capacity Building for SME Support Institutions



ENTERPRISE GEORGIA



სახელმწიფო შესყიდვების სააგენტო
STATE PROCUREMENT AGENCY



ICC GEORGIA
INTERNATIONAL
CHAMBER OF COMMERCE
The world business organization



DCFTA Info Centers of GCCI

- ❑ MoA signed with the Georgian Chamber of Commerce and Industry (GCCCI) on cooperation in development of institutional capacities and DCFTA related advisory and training services of the Chamber (November 2016).
- ❑ 5 local offices of DCFTA Info Centre established in Tbilisi and regions.
- ❑ Consultations, including via field meetings, provided to over 1500 Georgian SMEs within 1 year of operations.
- ❑ DCFTA Info Centre organises at least 20 information sessions every month, minimum of 4 per regional office.





ევროკავშირი
საქართველოსთვის

EU4Business



გერმანიის
თანამშრომლობა
DEUTSCHE ZUSAMMENARBEIT

implemented by
giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

Enterprise Georgia

Successful cooperation with the key government institution for SME sector development across all Four Components:



ENTERPRISE GEORGIA

- Framework conditions for export development
- E-commerce Project
- Business Clustering and export promotion
- Training Needs Assessment
- Enterprise Georgia capacity building and advisory:
 - Strategic advisory workshops
 - Learning by doing
 - Further Digitalization of services

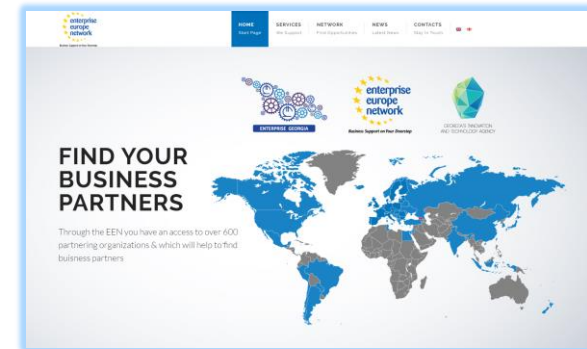


Enterprise Georgia

Successful cooperation with the key government institution for SME sector development across all Four Components.

The Project supports Enterprise Georgia in:

- Development of a strategic vision and roadmap for the new agency structure**
- Delivering EEN services to SMEs and utilization of EEN tools during Anuga trade fair**
- Digitalization of agency services and enhancing efficiency of business processes' management**
- Capacity building of staff to enable consultancy to SMEs towards export of goods via e-commerce channels**





State Procurement Agency



სახელმწიფო შესყიდვების სააგენტო
STATE PROCUREMENT AGENCY



- ❑ Supported 3 guiding publications on public procurement
- ❑ Sponsored 5 Info Events on the Electronic System of Public Procurement in Tbilisi and regions - Kutaisi, Anaklia, Borjomi, Telavi (for procurers and SMEs)
- ❑ Over 400 participants benefited from these IEC events
- ❑ A promotional video on e-system of public procurement is now in works





ევროკავშირი
საქართველოსთვის

EU4Business



Implemented by
giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

International Chamber of Commerce – Georgia National Committee



- ❑ Publication of Incoterms 2010 Revised Georgian Edition
- ❑ 4 Rounds of Trainings on “INCOTERMS 2010” conducted in September-November 2017
- ❑ 143 participants in total - mainly SMEs, but also representatives of state entities and international NGOs.





Business Clustering



Furniture

Apparel



Film

ICT





Business Clustering in Georgia – First Lessons Learned

1. Tailor-made sector and country specific approach is required

- Success Factor Industry Experts
- Demand-driven, client-based approach
- Careful Selection of Sectors

2. Quality needs time: At least 1 year is necessary to establish a cluster

- Finding the right actors and getting them involved
- Creating joint understanding, willingness to cooperate, organize and formalize, conduct a pilot project
- Study Tours as ‘eye-openers’ – Relevance of academic players

3. Investing in Quality pays off

- Higher Sustainability
- More SMEs reached by core cluster members



ევროკავშირი
საქართველოსთვის
EU4Business



Implemented by
giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

Business Clustering – Furniture



Preconditions in the Case of Furniture – an actual agglomeration



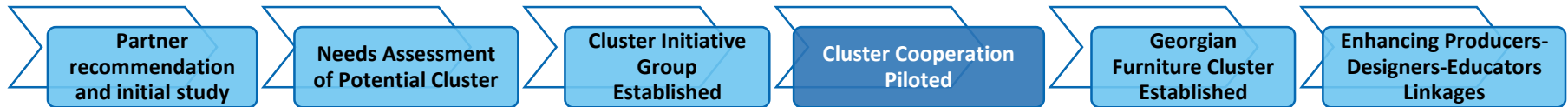
“Craftsmen City” :
**170 furniture companies work on a privately owned
and managed 4 hectare territory
20 min from Tbilisi center**

- Only furniture industry players can rent or buy space here.
- The territory hosts over **170 SMEs**, including self-employed artisans.
- 65% of cluster companies each employ over 10 people

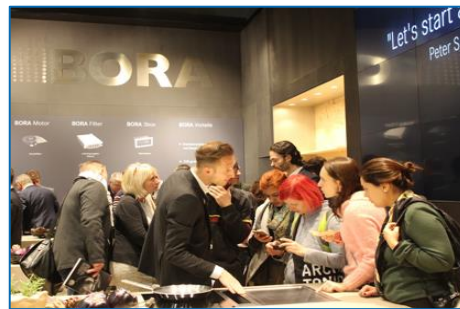




Furniture Cluster Development Work 2016-17

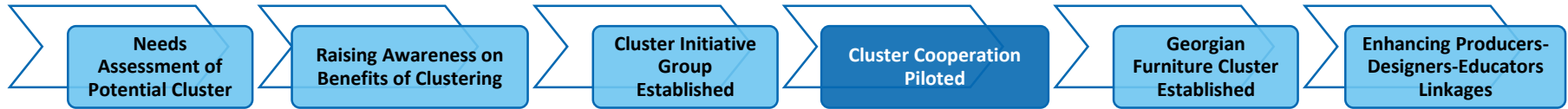


- ❑ **Study of the Setting:** Data on “Craftsmen City”, Needs Assessment, Initial Group Established
- ❑ **Getting to know the market** at IMM Cologne: Familiarizing with Eastern European furniture producers exporting to EU
- ❑ **Introduction to European clusters:** German Wood and Timber clusters and Bulgarian Furniture Cluster
- ❑ **Coaching** by Bulgarian “SME of the Year”, Furniture Cluster manager and expert Genoveva Christova

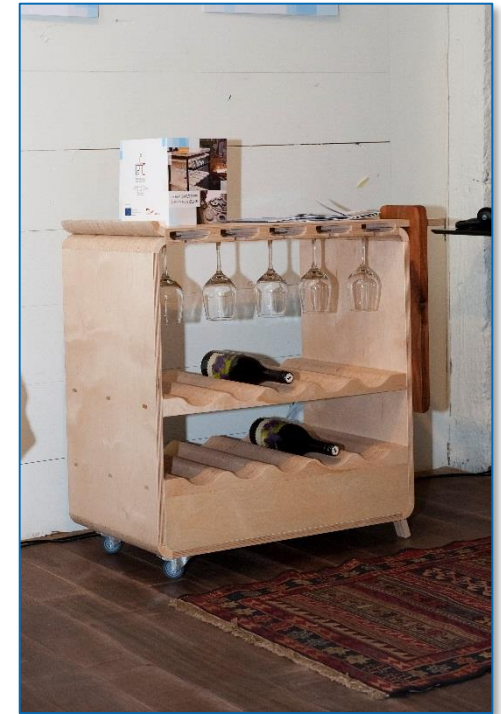




Cluster Development Work 2016-17

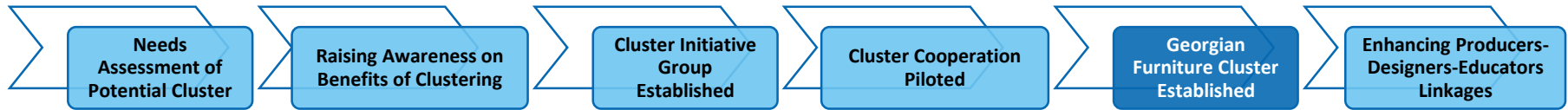


Pilot Project:
Testing
Competencies and
Potential for
Cooperation:
The Wine
Furniture
Collection





Cluster Development Work 2016-17



- ❑ Georgian Furniture Cluster (GFC) in August 2017
- ❑ GFC accumulates more than 25 paying members
 - Furniture Manufacturers from Craftsmen City
 - Georgian Designers Association
 - Export Development Association
 - Visual Arts and Design School
- ❑ Members elect Management Board

PRODUCER DESIGN ASSN. PRODUCER SPACE OWNER PRODUCER



CHAIR



DEPUTY CHAIR



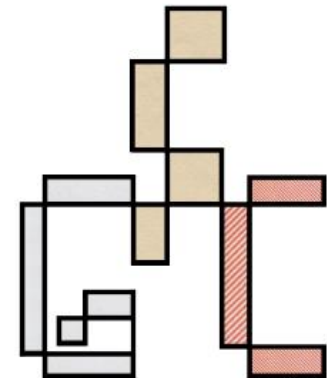
MEMBER



MEMBER



MEMBER



GEORGIAN FURNITURE CLUSTER
ქართული ავეჯის კლასტერი



Capacity Building and Organizational Development of GFC

Cluster management development through training, coaching, study tours

Development of Member Services

Creation and development of GFC brand and online portal with cluster members' profiles

Support to introduce Modern Standards of: Management, Production Process, Raw Material Sourcing, Work Safety, Work Ethics and Labor Standards

Development of GFC Creative Space

Apprenticeship curriculum for young designers

Organization of furniture design competitions and support in participation of international design competitions

Internationalization of GFC

Export promotion of cluster members through participation in Tradeshows and other Promotional Events

Furniture Cluster Development
Strategy and Action Plan
2017-2019



ევროკავშირი
საქართველოსთვის
EU4Business

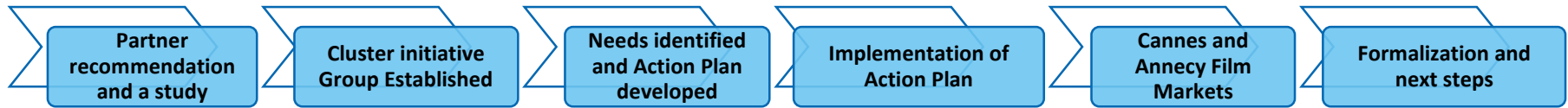


Implemented by
giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

Business Clustering – Film



Film Cluster Development Work 2016-17



- ❑ Establishment of a common platform for 15 film production professionals – the Georgian Film Cluster; Development and implementation of a 1-year action plan;
- ❑ Registration of the Cluster in August 2017;
- ❑ Launch of negotiations with several foreign productions;
- ❑ Facilitation of a contract on shooting of a film “Negative Numbers” – a major British-French-Italian-Georgian production, implemented with the support of United Nations

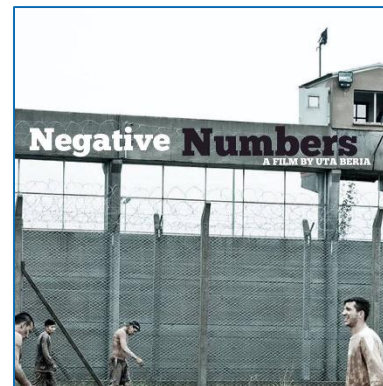


Initial Clustering Workshop MoU Between Industry players:

Objective: Competent, competitive crew base created

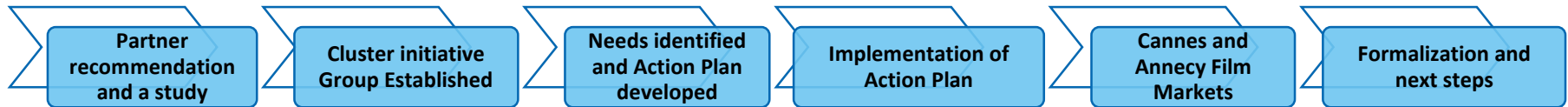
Components:

- Code of Conduct
 - Information Databank/Pool
 - Adapted Curricula
 - Training and apprenticeships
 - Planning
 - Business Counselling & Legal Advice
 - Priority Professions
 - Production
 - Post-production
 - Roundtables on Post-production planning
 - Software solutions
- } Web Platform /Portal

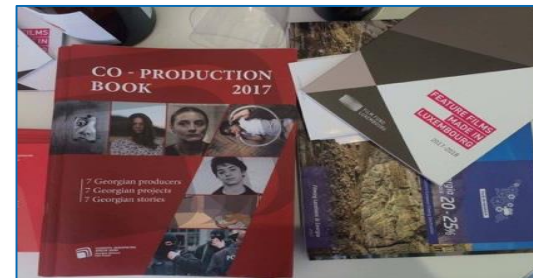




Film Cluster Development Work 2016-17



- ❑ Visit of a Georgian delegation to Cannes Film Market
- ❑ Trainings of 2 Georgian cluster members at one of the key European training providers on media law and management - Erich Pommer Institut
- ❑ Participation of a cluster member in the Anecy International Animation Film Festival and its Market (MIFA)
- ❑ Visit of two leading experts from L'Immagine Ritrovata (Bologna, Italy) in support of the government's film restoration efforts aimed at conservation of Georgian cinematic heritage.





Film Cluster Development Work – Next Steps

Cluster Branding and Visual Identity

Capacity Development and Internationalization

- Capacity Development**
 - a. Organization of trainings and apprenticeships with EU companies and clusters
 - b. Mobilization of international trainers to Georgia
- Lead generation and integration with EU markets**
 - a. Preparation for and attendance of industry markets
 - b. Matching with clusters in Europe

Cluster Strategy Development and PPD

- Georgian Film Cluster development strategy and funding**
 - a. Georgian Film Cluster development strategy
 - b. Support to mobilization of extra funding and technical assistance (TA) support
- Creating a Public Private Dialogue (PPD) platform and Advisory to the Government**



ევროკავშირი
საქართველოსთვის

EU4Business

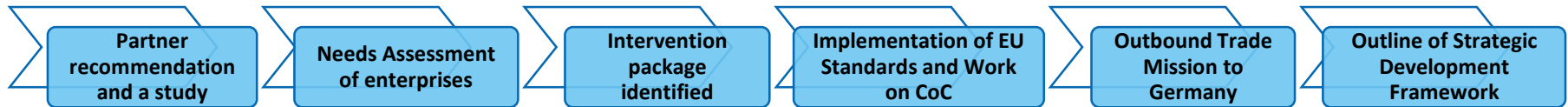


implemented by
giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

Business Clustering – Apparel



Apparel Cluster Development Work 2016-17



Based on an industry study and identified needs in May 2016 the Project interventions are:

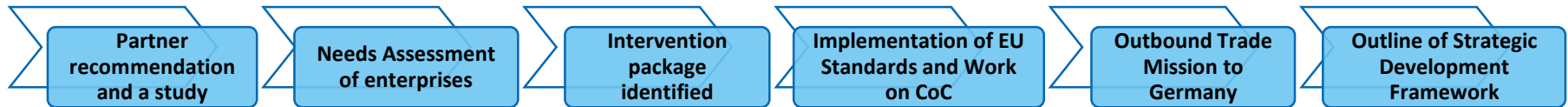
- ❑ Supporting 4 local producers in implementation of EU industry standards (BSCI) for social responsibility, workplace safety and workforce protection, through on-site advisory by international experts
- ❑ Supporting 5 local producers in establishing linkages with foreign buyers
 - capacity building, support in presentation skills and development of promotional material
 - organization and implementation of an intensive trade mission in September of 2017



A Cooperation Project between GIZ and SUSI in the framework of the EU4Business Programme September – October 2017



Apparel Cluster Development Work 2016-17

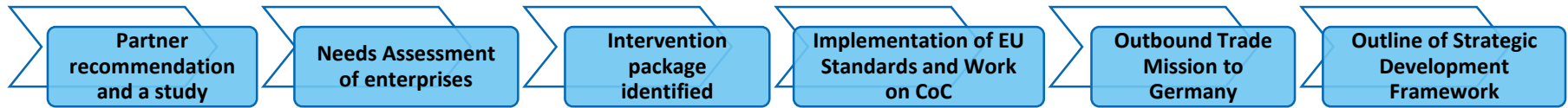


- ❑ Work on a national code of conduct, in order to build industry-led framework on good business conduct and foster trust between producers
- ❑ Development of apparel industry association
- ❑ Capacity building of Enterprise Georgia in promoting apparel industry abroad



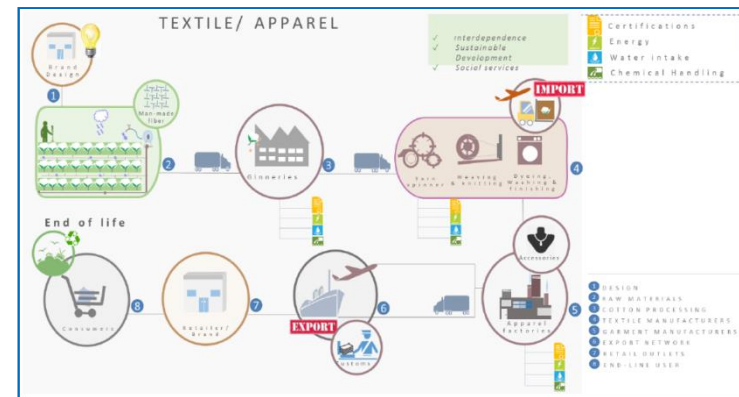


Apparel Cluster Development Work 2016-17



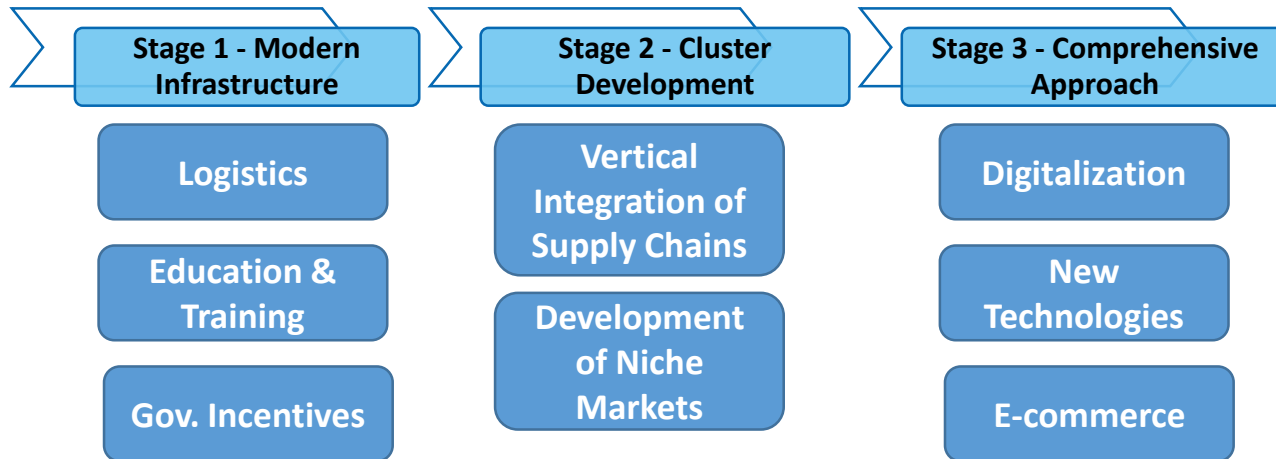
Advising public stakeholders

- ❑ Feedback from companies showed the need for a comprehensive, strategic framework for government and industry to synchronize and consolidate their resources and efforts for development of the apparel industry
- ❑ A first workshop in June 2017 provided overview
- ❑ A strategic workshop with the government to develop a **national strategy** covering key challenges such as infrastructure, education, logistics will take place in December 2017





Georgian Apparel Strategy Roadmap – Snapshot



Key Challenges and Elements

- Public and private trade support infrastructure (logistics, governmental incentives, skills, electricity supply etc.)
- Supply and value-chain (product mix, value addition i.e. cluster development)
- Market opportunities (integration into the global value chain)
- Market readiness of Georgian producers i.e. product development in terms of quality, diversity and compliance to standards and norms



ევროკავშირი
საქართველოსთვის
EU4Business



Implemented by
giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

Business Clustering – ICT



ICT Cluster Development

- Building on existing study conducted with national experts
- Cluster vision development, organisation and management
- Cluster strategy and framework conditions: PPD, Advisory to GoG
- Trainings on Project Management, Branding, Sales, Export
- Trade Missions, Matchmaking, Linkages with EU Networks
- Certification of companies and stakeholders – Needs Assessment

The Project will be implemented by Professionals from Germany, Austria and Baltic States



Baltic
Innovation
Agency



ESTONIAN ICT CLUSTER



LATVIAN



IT CLUSTER



Ministry of Culture
Republic of Latvia

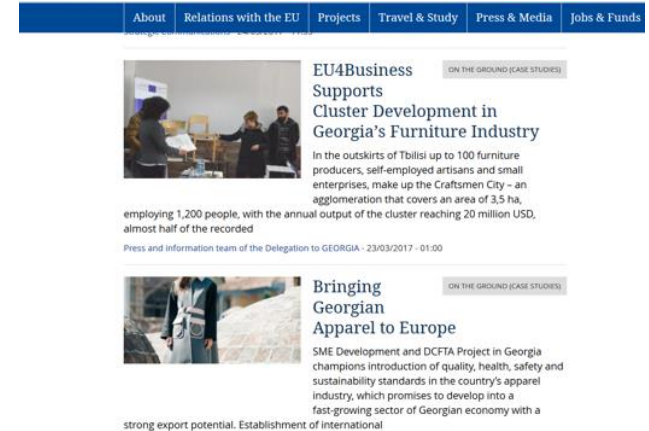


Communication and Visibility

CROSS-CUTTING: Implemented across all 4 components

IN LINE WITH: EU4Business Visibility Guidelines

COMMUNICATION: DCFTA to SMEs



Achieved	Planned/Proposed Objective
<ul style="list-style-type: none"> ✓ DCFTA website of MoESD – www.dcfta.gov.ge ✓ 3 stories featured in EUDEL website’s on the ground (case studies) section ✓ Project support regularly featured on EG website (articles, studies, announcements) ✓ Project featured on EU4Business.eu Georgia page 	<ul style="list-style-type: none"> ➤ Further support for DCFTA-SME outreach activities ➤ Further support for DCFTA website ➤ SME focused events in regions ➤ Cluster visibility actions

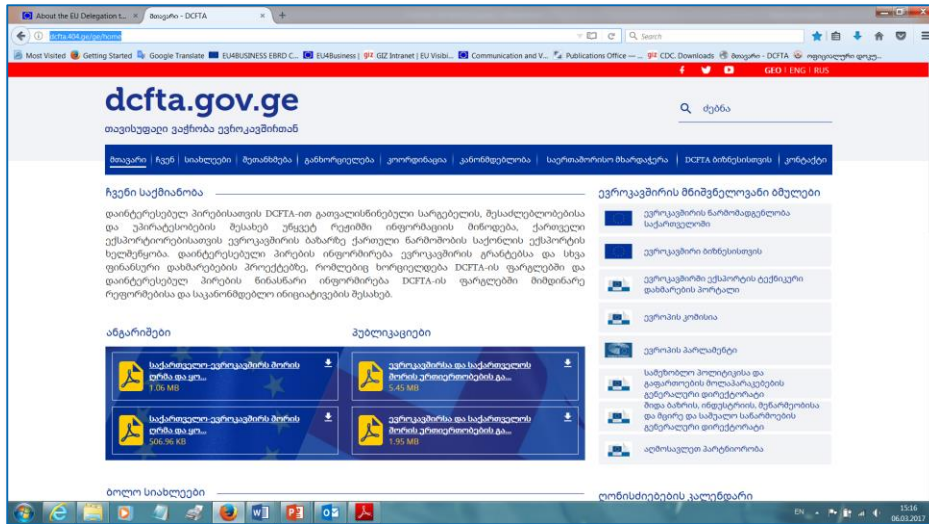


ევროკავშირი საქართველოსთვის

EU4Business



giz
Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH





ევროკავშირი
საქართველოსთვის

EU4Business



Implemented by
giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

Thank you for your attention!

SME Development and DCFTA in Georgia
Private Sector Development and TVET South Caucasus (PSD TVET SC)
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

Philipp Steinheim
Philipp.Steinheim@giz.de

42 Rustaveli Ave./31a Griboedov St. 5th Floor
0108 Tbilisi, Georgia
T +995 32 2 201833
F +995 32 2 201831
www.giz.de