Supporting Development of Business Networks and Clusters in Georgia

GIZ SME Development and DCFTA in Georgia Project

24.10.2016
Project Overview

<table>
<thead>
<tr>
<th>Overall Context</th>
<th>EU4BUbusiness</th>
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<tbody>
<tr>
<td>Framework EU action</td>
<td>Support to EU-Georgia DCFTA and SMEs</td>
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<tr>
<td>Timeline</td>
<td>11/2015 – 11/2019</td>
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<tr>
<td>Volume</td>
<td>EUR 5 million</td>
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<td><strong>GIZ affiliation</strong></td>
<td>Private Sector Development Programme in South Caucasus</td>
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<tr>
<td>Implementing Partner</td>
<td>Ministry of Economy and Sustainable Development of Georgia</td>
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**C1:** Improved enterprise development framework and SME participation in political dialogue  
Ministry / Policy-maker level

**C2:** Capacity Development for SME Support Institutions  
Implementation level agencies / bodies

**C3:** SME Clustering and Support to Business Networks  
Business network / association level

**C4:** Business clusters’ integration into EU networks for enterprise development, investment and trade promotion
Business Clustering – Striving towards High Value Added Industries

I. Current Sectors under review
- Apparel
- Furniture
- Film / Digital
- Plastics Processing
- Honey & Beekeeping

II. Next / Potential Sectors
- ICT
- Trout
- Architecture
- Creative Industries
- Skills Providers
Cluster Case: Qvevri Wine Cluster

**Vision of the Cluster** is to jointly develop and to upgrade Qvevri wine production and to prepare it for international marketing as the basis for an increasing and sustainable income for Qvevri wine producers, united in the Qvevri Wine Cluster.

**Objectives:**
- Production systems meet international standards;
- Qvevri wine is known to international and EU markets;
- The members’ wine is recognised as authentic Qvevri wine;
- Wine tourism is developed among the members.

**Achievements**
- **Value chain enhancement:** recommendations to enhancement of Qvevri hygiene, vineyard management, grape processing, economics of production, wine tasting and presentation
- **Tech upgrade:** clay pot features analysed, production scientifically described, scope for improvement identified. International partner – Keramik Institut
- **Export:** 1st export of 2,200 bottles to Germany in February 2016
- **Marketing:** 1st exhibition in Germany scheduled for early 2017
- **Patenting the cluster name:** “Qvevri Wine Cluster” name has been patented by Munich Patent Office
- **Education:** Quality requirements developed by the cluster for clay pot hygiene and process management integrated into the modules of Dual Wine Education by Georgian VET system. International partner – Bavarian Institute for Wine and Viticulture
Cluster Case: Qvevri Wine Cluster

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<th>Support initiated</th>
<th>March 2015</th>
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<tbody>
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<td>Cluster formalized</td>
<td>February 2016</td>
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<td>Membership</td>
<td>20 wine makers, 5 Qvevri makers</td>
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Initiating Business Clustering Support in Apparel Industry

- Qualitative study on updated view and assessment of the needs and gaps that exist in the industry, especially with regards to the needs for direct engagement of Georgian companies with EU markets;

- Developed action plan for supporting the development of the apparel industry and clustering

- Support measures elaborated:
  - Development of national, non-mandatory and incentive-based, framework for sustainable operations practices
  - Qualifying producers for direct exports to EU buyers (Guided self-assessment by int. expert)
  - Enhancing enterprise skills through informal education (short-term) and an effort to integrate practical examples into VET system (long-term)
  - Start-up workshop for defining a pilot cluster project
  - Guided business matching of Georgian producers with EU buyers
Business Clustering – Standards and Skills for DCFTA

In order to engage with EU markets Georgian enterprises require technical personnel equipped with skills for standardization and maintenance of quality of the processes.

Structures like clusters are equipped to provide enterprises with:

- Cost optimization for enhancement of enterprise skills and, consequently, continuous technology upgrade
- Higher and easier adaptability to the dynamic quality requirements
- Contribution to the improvement of quality of service providers

The Project supports existing and potential clusters via

- Identification of industry-specific standards in demand by EU enterprises for their suppliers
- Identification and assessment of the current skills gaps and challenges in specific industries
- Follow up holistic support to implementation of standards and skills upgrade
  - Re-qualification of personnel on business process level
  - Qualification of new personnel through enhancement of skills suppliers – service providers
THANK YOU!

GIZ PSDP SC
SME Development and DCFTA in Georgia

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