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**UN JOINT PROGRAMME EUROPEAN UNION INNOVATIVE ACTION FOR
PRIVATE SECTOR COMPETITIVENESS IN GEORGIA (EU IPSC)
ANNUAL PROGRAMME FINAL NARRATIVE PROGRESS REPORT
REPORTING PERIOD: 1 February 2019 – 20 November 2023**

Programme Title & Project Number Programme Title: UN Joint Programme European Union Innovative Action for Private Sector Competitiveness in Georgia (EU IPSC) Programme Number ENI/2018/401-351. MPTF Office Project Reference Number: 00114145	Country, Locality(s), Priority Area(s) / Strategic Results Country/Region: Georgia/Kakheti and Imereti Priority area/ strategic results Business sophistication, innovation, and entrepreneurship								
Participating Organization(s) Organizations that have received direct funding from the MPTF Office under this programme. <i>UNDP, UN FAO, IOM and UNIDO</i>	Implementing Partners National counterparts (government, private, NGOs & others) and other International Organizations Ministry of Economic and Sustainable Development (MoESD) and its agencies Enterprise Georgia, Georgian Innovations and Technology Agency, the Ministry of Environmental Protection and Agriculture and its agency Scientific Research Centre and the Diaspora Relations Department Ministry of Foreign Affairs.								
Programme/Project Cost (US\$) - Total approved budget as per project document: Agency Contribution (by Agency) - EU USD 5,693,500 - UNDP USD 80,000 - FAO USD 50,000 - UNIDO USD 20,000 TOTAL: USD 5,843,500 Programme Assessment/Review/Mid-Term Eval. – NA	Programme Duration <table border="1"> <tr> <td>Overall Duration (months)</td> <td>4 Years</td> </tr> <tr> <td>Start Date:(dd.mm.yyyy)</td> <td>1 February 2019</td> </tr> <tr> <td>Original End Date (dd.mm.yyyy)</td> <td>31 January 2023</td> </tr> <tr> <td>Current End date (dd.mm.yyyy)</td> <td>20 November 2023</td> </tr> </table>	Overall Duration (months)	4 Years	Start Date:(dd.mm.yyyy)	1 February 2019	Original End Date (dd.mm.yyyy)	31 January 2023	Current End date (dd.mm.yyyy)	20 November 2023
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	Report Submitted By - Name: George Nanobashvili - Title: Economic Development Team Leader - Participating Organization (Lead): UNDP - Email address: george.nanobashvili@undp.org								

LIST OF ABBREVIATIONS

CAC	Conformitas Agraria Communitatis
CMO	Cluster Management Organization
CMT	Cluster Management Team
DCFTA	Deep and Comprehensive Free Trade Agreement
EPR	Extended producer responsibility
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
GEOSSA	Georgian Seeds and Saplings Association
GFA	Georgian Farmers' Association
IOM	International Organization for Migration
ISF	International Seed Federation
JP	Joint Programme
MEPA	Ministry of Environmental Protection and Agriculture
MoESD	Ministry of Economic and Sustainable Development
NFA	National Food Agency
PMAG	Packaging Manufacturers' Association of Georgia
PRO	Producer Responsibility Organization
RDA	Rural Development Agency
ROM	Result Oriented Mission
SRCA	Scientific Research Centre of Agriculture
SLA	State Laboratory of Agriculture
UNDP	United Nations Development Programme Georgia
UNIDO	United Nations Industrial Development Organization

EXECUTIVE SUMMARY

The following is the final report of the UN Joint Project (JP), aimed at enhancing the overall viability of the private sector in Georgia through cluster enhancement strategies. These strategies were designed to foster market-oriented and innovative entrepreneurial practices, leading to job creation and long-term corporate resilience, as well as to more environmentally friendly practices and technological advancement.

The Joint Programme succeeded in identifying, establishing, and operationalizing two new clusters the Georgian Marine Fishing Cluster and the Georgian Biopharmaceutical Cluster. Both clusters operate as Non-Entrepreneurial, Non-Commercial Legal Entities. To bolster their visibility in the digital sphere, corporate identities, websites, and social media platforms were developed, alongside digital promotional campaigns to raise awareness. Moreover, digital skills of herbal pharmaceutical, bacteriophage, toy, and jewellery producers were enhanced, resulting in a significant uptick in their online sales. Notably, the Georgian Marine Fishing Cluster emerged as a key player, facilitating dialogues with state agencies in Georgia and abroad, and advocating for the interests of its members. This advocacy led to various initiatives, including mediation with a shipbuilding company in Turkey, the signing of legal act amendments, and participation in aquaculture development workshops in Brussels.

The Joint Programme embarked on a series of impactful initiatives to create and bolster the development and competitiveness of packaging clusters in Kakheti, Imereti, and Tbilisi. The UNDP's efforts led to the expansion of the clusters' membership, uniting 74 covering, almost 100% of packaging companies in Imereti and Kakheti regions by 2023. Their endeavours were geared towards elevating the sophistication of the private sector. Offering a comprehensive suite of services, the Joint Programme has fortified these clusters resulting in growth of total sales surpassing 216 mln GEL (compared to 56 mln GEL from 2019) with the total employment reaching 1,880 people. Utilizing extensive research and data-driven decision-making, UNDP facilitated local and international partnerships, fostering collaboration and knowledge exchange. UNDP's interventions enabled the packaging cluster to pioneer efficient and eco-friendly practices aligned with environmental objectives. Their contributions significantly propelled economic growth and bolstered the capacities of the PMAG (Packaging Manufacturers Association of Georgia) and its members, resulting in 100% improvement of trade balance in paper packaging. In paper packaging the trade balance is -0.02 mln USD in 2023 (-18 mln in 2018) due to 122 time increase in export. In 2023 the trade balance on plastics packaging was -32.8 mln USD (-27.13 USD in 2018). Export of plastics packaging increased 1.6 times while import only 1.3 times in - 2018-2023.

The Joint Programme has played a pivotal role in enhancing the competitiveness of the fruit industry while ensuring compliance with European standards. Through strategic project interventions tailored to address critical sectoral issues, FAO has collaborated with government, non-governmental, and private stakeholders. These initiatives have primarily focused on



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developing a qualification and certification system for sapling producer nurseries, bolstering the capacity of sectoral and governmental staff, and elevating the overall quality and standards of saplings produced in Georgia. In the project's second phase, emphasis was placed on improving sapling phytosanitary quality, enhancing the capabilities of fruit and nut producers, and modernizing the fruit sector to align with European criteria. These interventions have significantly propelled FAO toward its predefined goals, making a substantial impact on the sector's development. Moreover, it is crucial to acknowledge the successful collaboration between the private sector and FAO in implementing various interventions. One notable achievement is the development and execution of the Mating Disruption Programme, aimed at effectively controlling the *Lobesia botrana* - European grapevine moth. Furthermore, the "Unique Georgian Taste" agro markets' series serves as another commendable example of the partnership between FAO and the private sector in Georgia. This initiative has played a pivotal role in promoting and supporting locally produced niche products, highlighting the diverse offerings and cultural heritage of Georgia.

The Joint Programme has successfully established a database comprising hundreds of prominent individuals from the Georgian diaspora. This repository served as a vital resource for all diaspora-related initiatives within the project. Additionally, the project contributed to raising awareness among regional and municipal governments regarding the potential of diaspora involvement in local development support. This was achieved through targeted workshops, training sessions for municipal and regional government staff, and working meetings with local government authorities. IOM organized two Diaspora Economic Forums, which brought together over 230 participants, including diaspora representatives and potential foreign investors invited by the diaspora. This marked a significant milestone in fostering collaboration and exchange among diaspora professionals and promoting business-to-business networking between diaspora members, foreign buyers, and Georgian producers. Collaborations between Enterprise Georgia, UNDP, and IOM resulted in robust representation of Georgian businesses at the Fachpack trade fairs in Nuremberg in 2021 and 2022. This led to the formation of over 30 business networks and interactions between Georgian producers in the packaging, food, and beverage sectors (the latter two representing the value chain of the packaging sector), indirectly influencing project outcome indicators related to turnover and export. The Georgian Diaspora Web Portal (www.gde.ge), managed by the Ministry of Foreign Affairs (MFA) of Georgia, received contributions from IOM in terms of platform development and administration support. This portal is designed to facilitate outreach and cooperation with the Georgian diaspora and promote their involvement in development initiatives in Georgia.

I. Purpose

The JP endeavours to augment the acumen of government bodies, local organizations, and corporations while emphasizing the efficacy of such strategies by enhancing business sophistication and fostering entrepreneurship. To accomplish this purpose, the four key results/outputs will be realized through the joint efforts of the associated UN Agencies:

1. Strengthened capacities of policymakers to identify clusters and support the establishment of SME clusters (Implementor UNIDO).
2. Developed pilot clusters for the two sectors of packaging and seeds/seedlings through the support of cluster management organizations (Implementor: UNDP Georgia – Packaging, FAO – Seeds/Seedlings).
3. Development and support of strategic investments in companies deemed necessary to improve the cluster (Implementor: UNDP Georgia).
4. To enhance the ability of national and local-level institutions and businesses to identify and connect with the diaspora for sector development, skill transfer and financing. (Implementor: IOM).

To accomplish the stated objectives, the JP works to increase entrepreneurship and business acumen, foster local production, diversify the economy, and open trade opportunities by promoting ‘cluster’ development to optimize value chain efficacy and collaboration, investing strategically in individual enterprises, and reaching out to the Georgian diaspora as an underutilized asset for business growth. This is achieved through collaboration at institutional, sectoral, geographic, and individual business levels. The JP initiatives are anticipated to be instrumental in the advancement of the private sector in the nation by devising a policy for clusters, evaluating experimental models for cluster assistance via Cluster Management Organizations and individual enterprise assistance via strategic investments, as well as promoting the incorporation of the Georgian diaspora into the process. Subsequently, JP is consonant with the Strategic United Nations Planning Framework (e.g., UNDAF).

II. Assessment of Programme Results

i) Narrative reporting on results

2.1/ Output level results

The joint actions of UNIDO, UNDP, FAO and IOM contributed to proceeding to achieve the outcome of enhancing entrepreneurship and business sophistication by strengthening the capacities of government and local entities to develop and operate clusters and supporting companies directly with strategic investments while also demonstrating the effectiveness of these strategies to businesses. The changes and results attained stem from the activities facilitated and planned by these programs. The output level changes regarding the indicators are presented below for each indicator.



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- **Outcome**

The JP Outcome is formulated in the following way: Enhance entrepreneurship and business sophistication by strengthening the capacities of government and local entities to develop and operate clusters and supporting companies directly with strategic investments while also demonstrating the effectiveness of these strategies to businesses. Below is the progress review per the outcome indicators.

Indicator 1. # Of identified potential clusters (Tbilisi, Kakheti and Imereti) (baseline – 0, target by 2022 – 10) was fully achieved reaching in 2023 59 clusters. Two clusters in the packaging sector (UNDP) and the seeds/seedlings sector (FAO) were identified initially. UNIDO has identified 57 emerging and potential clusters in manufacturing, agribusiness, and primary agriculture in 2019 and validated findings in 2020.

Indicator 2. The growth rate of selected clusters' members' turnover (baseline – 2018 output data, target by 2022 – 20% growth) was achieved fully for the PMAG cluster.

Average turnover of the packaging cluster member companies, due to the pandemic reality, for 2020 decreased by 12.4% compared to 2019, however in 2021 and 2022 sales recovered again. In 2023 sales figures of the cluster member companies were higher by 80% compared to 2018 for the same companies. Packaging producer companies (full members of PMAG) are more resilient to the pandemic realities than other businesses (downstream) in packaging cluster. Turnover growth from 2018 to 2023 for packaging manufacturing companies is 125% compared to 80% growth for all members together.

Indicator 3. Balance of trade in selected sectors (baseline – 2018 output data, target by 2022 – 10% improvement (higher exports or lower imports)). 100% improvement of trade balance in paper packaging and 21% deterioration of trade balance in plastics.

In paper packaging the trade balance is -0.02 mln USD in 2023, improving from -18 mln in 2018 due to 122 time increase in export. In 2023 the trade balance on plastics packaging was -32.8 mln USD deteriorating from -27.13 USD in 2018. It should be noticed that the export of plastics grows faster (1.6 times) than import (1.3 times) in 2023-2018.

- **Outputs**

Output 1: Strengthened capacities of policymakers and other stakeholders to identify and develop clusters (UNIDO)

At the Outcome level, one of the indicators “the number of identified potential clusters (baseline – 0, target by 2022 – 10)” was successfully achieved during previous reporting years with the mapping of 57 emerging and potential clusters in manufacturing, agribusiness, and primary agriculture in 2019 and validated findings in 2020.

Further Progress against this output is provided in the next section “Progress on Output Indicators.

Output 2. Development and functioning of the clustering approach in the packaging and seeds/seedlings sectors:

- **(a) Packaging Cluster (UNDP):**

As a result of the Joint Programme the packaging cluster (PMAG) has been established and positioned as leader in the sector. The packaging cluster by its term enabled the packaging sector to be considered strategic direction of export development and be included into the trade facilitation program of Enterprise Georgia. UNDP has supported the cluster in studying and analysing the cluster and sector companies' needs and facilitated and supported design and delivery of response measures. Consequently, all activities were conducted using co-creation and mediation approach consolidating consensus among the national and local actors and the cluster. The PMAG Packaging Cluster demonstrated resilience and innovation during the pandemic, with members like UNDP-supported companies adapting their actions to changes, as an example to produce essential eco-friendly hygiene products from recycled plastics.

This agility contributed to the cluster's dynamic development, even amidst challenges from the COVID-19 and the Ukraine-Russia War. With a significant increase in productivity and turnover, coupled with strong membership support and global connections through the World Packaging Organisation (WPO), the Packaging Cluster stands on a solid foundation for sustainable growth post-programme, highlighting a successful transition towards economic autonomy and sectoral leadership.

The UNDP project team devoted efforts to reinforce the capacities of PMAG and its members, expanding their reach across the region, and regularly assessing the requirements and anticipations of enterprises in the packaging sector. Intending to aid cluster management organizations and the members of the packaging value chain in Georgia in becoming more modernized and cognizant of their capabilities, UNDP has:

- Continued developing capacities of PMAG to institutionalize and reinforce its cluster management functions.
- Promoted inclusive, digitalized, and green development, by enhancing PMAG member companies' business models, management practices and marketing efforts to increase their competitiveness and expand their market access.
- Facilitated job creation, expanded sales and quality schemes adoption through strategic investments for packaging companies.
- Supported sharing experiences and best practices by organizing workshops and trainings.
- Enhanced entrepreneurship and business sophistication by supporting and implementing research and analysis in specific areas related to the packaging industry.

- Facilitated a series of meetings and trainings for increasing the competitive advantage of the PMAG cluster member companies.
- Supported PMAG to establish partnerships and cooperation with their local and international counterparts, lay grounds for strong networking.
- Positioned the PMAG Packaging Cluster as promoter of local PPP partnerships for circular economy.
- Internationalised the PMAG making it a full member of the World Packaging Organisation, acknowledge by Bronze Label by the European Foundation for Cluster Excellency.

As a result of this Joint Programme the PMAG Packaging Cluster focuses on market share, eco-friendly practices, technology, and new markets. UNDP's support enhances sustainability, networking, and capabilities. The cluster improves financial reporting, digitization, access to finance, and circular economy principles. This boosts competitiveness, job creation, and long-term perspectives in the sector. UNDP's actions reinforce the clustering approach in packaging and seeds/seedlings sectors' actions that were commenced in the packaging sector include:

- Generating evidence and studies, trainings, workshops, expanding networking, and sharing best international practices to address common needs.
- Implementing capacity development programmes and digitization of products of PMAG cluster members.
- Assisting packaging value chain companies in increasing sales, boosting employment, and improving production quality.
- Supporting improving operational standards.
- Supporting member companies in access to market and finance.
- Supporting packaging companies through strategic investments for modernization and sophistication of the production processes.

Despite the COVID-19 and Ukraine-Russia War related challenges, the packaging cluster keeps dynamic development. By the end of 2023, 567 companies are registered in the packaging sector (companies directly or indirectly intersecting with packaging sector), out of which about 48% (268) are economically active. Out of the active companies, the sector is dominated by small-sized companies accounting for 93.7% (251 companies) of the active companies. As for the regional coverage for active companies, the focus regions of Tbilisi (149), Imereti (25) and Kakheti (18) unite 192 active companies for 2023. The rest are mostly scattered in Adjara (18), Kvemo Kartli (16), Shida Kartli (18), Racha-Lechkhumi Kvemo Svaneti (2), Guria (2), Mtskheta-Mtianeti (6), Samtskhe-Javakheti (10) and Samegrelo Zemo Svaneti (4) regions. These numbers indicate that the pool of potential members of the PMAG packaging cluster is large and covers almost the whole country.

The UNDP initiative of Digitalization of Packaging Value Chain strengthened the competitiveness and innovation capacity of packaging value chain businesses. The digitalization of products for



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PMAG packaging cluster member companies were implemented, enabling effective communication with foreign partners, and unlocking export development potential. Additionally, the initiative allowed companies to market their products, increase brand awareness, and reach a broader audience, thereby enhancing the overall competitive position of domestic packaging companies.

UNDP enabled the PMAG packaging cluster to stay ahead of the rapidly shifting economic landscape by providing strategic investments to enhance e-commerce, entrepreneurship and developing knowledge products. As a result, companies are now better equipped to keep pace with the digital transformation and introduce sophisticated business processes. As a result, the UNDP's intervention with the PMAG Packaging Cluster has significantly bolstered its international stature and operational excellence, primarily through its membership in the World Packaging Organisation (WPO) and the attainment of the European Cluster Excellence Initiative (ECEI) Bronze Label. In November 2020, PMAG became the first cluster in the region to join the WPO, connecting with 61 member countries and regional associations and gaining access to global packaging developments, technologies, and educational resources. This membership has facilitated critical knowledge sharing and capacity building within the Georgian packaging sector, enhancing the cluster's ability to innovate and align with international standards.

The ECEI Bronze Label, awarded to PMAG, underscores the cluster's commitment to excellence in management capabilities and performance levels, setting a precedent for cluster excellence in Georgia. This label not only recognizes the cluster's achievements but also sets the stage for further advancements, with plans to upgrade to the ECEI Silver Label.

The cooperation between the WPO and the PMAG Packaging Cluster is set on a sustainable path, ensuring its continuity and growth even as UNDP exits the program. Plans for the 2024 have already been set in motion, demonstrating a commitment to ongoing membership and collaboration. This forward planning underscores the enduring nature of the WPO and PMAG partnership, which is poised to continue driving innovation, knowledge sharing, and capacity building within the packaging sector. The groundwork laid by UNDP has facilitated a self-sustaining cycle of improvement and international cooperation for PMAG, ensuring its long-term development and impact in the global packaging community.

UNDP conducted capacity-building of the cluster member companies to strengthen the competitiveness of Packaging cluster members stimulating small and women led companies. Women manage or co-manage 39.7% (31 companies: 11 full members, 16 – associated members and 4 – honorary ones) of member companies. The Design Thinking workshop, implemented with IOM, had a transformative impact on the sector and PMAG companies. Participants gained skills to apply design thinking principles, improving problem-solving and decision-making. The PMAG Cluster Development and Grant Project facilitated networking, knowledge exchange, and innovation implementation. Core results include improved



competitiveness, enhanced production processes, infrastructure, and adoption of modern technologies. This has led to sector growth, increased efficiency, expanded product offerings, and contributed to the economic development of the region and Georgia's private sector.

UNDP's interventions, the packaging sector supported through the PMAG Packaging Cluster, have demonstrated a strong commitment to gender equality and the economic empowerment of women. By integrating gender considerations into project designs and implementation, significant strides have been made towards ensuring women's participation and leadership within these industries. Notably, in the PMAG Packaging Cluster, women manage or co-manage 30% of member companies, reflecting a tangible commitment to promoting women's roles in business leadership. Additionally, UNDP initiatives like the Women's Business Empowerment Project underscore the focus on creating employment opportunities for women, with 44.7% of the jobs created through UNDP's strategic investments being filled by women in Kakheti, Imereti and Tbilisi and adjacent areas. This approach aligns with broader human rights principles, advocating for equal opportunities and representation, and signifies a proactive step towards enhancing gender equality in the workplace and fostering an inclusive economic environment where women's contributions are valued and recognized.

Additionally, the EU client companies' demand for eco-friendly, better-quality packaging products has provided a concrete incentive for Georgian Packaging companies to improve their production, making the Georgian packaging solutions environmental and more sustainable. This is evidenced by the support the initiative has produced in the second year, with Enterprise Georgia now having eight exhibitors and all members of the cluster. Three contracts were signed within this exhibition. The partnership with Enterprise Georgia transformed from a project-based collaboration to a systemic one, embedding internationalization of packaging sector as a strategic direction within the cluster. The sector's integration into state-supported trade programs, such as those offered by Enterprise Georgia, underscored the recognized export potential of the packaging industry. Active support facilitated the cluster's access to state financial resources for international exposure, including exhibition space rentals and stand construction. The cooperation with the Enterprise Georgia is sustainable and continues even after the UNDP exit from the PMAG support activities. 2024 activities for internalization with the agency are already scheduled.

The PMAG Cluster Development and Grant Project has significantly impacted the packaging sector and PMAG member companies, facilitating access to finance and promoting synergies. The project strengthens PMAG packaging cluster and member organizations, driving growth and innovation. Collaboration and resource-sharing improve competitiveness, expand product offerings, and enhance production processes. UNDP promotes circular economy, empowering municipalities and packaging companies in waste management and green economy. Joint actions aim to develop recycling partnerships and infrastructure.

PMAG has successfully sustained the ECEI BRONZE Label "Striving for Cluster Excellence" through its partnership and commitment to improving management capabilities and performance levels.

UNDP's partnership with PMAG has helped the cluster management organization expand and strengthen its linkages, leading to the increased presence of domestic packaging companies in international markets, access to the latest technology and machinery, and improved competitiveness via sales-boosting. UNDP strengthened international representations in Germany and Spain. Consultants working on the EU Competitiveness Union project in Germany and Spain were instrumental in developing the PMAG cluster. In order for companies to enter the international market, UNDP wanted to break the vicious circle that prevents the introduction of innovations in packaging in the country – packaging suppliers and consumers are waiting for each other to introduce something new in terms of innovation. UNDP supported internationalization of packaging companies - introducing of advanced packaging technologies and strengthening the competitive advantage of companies and stimulating placement of packaging products on advanced markets. UNDP's support for the PMAG Packaging Cluster's internationalization and export potential boosting journey began with a strategic study tour to Hungary in 2019-2020, marking the onset of a comprehensive effort to enhance the cluster's global presence and export potential. The initiative continued with visits to Poland, Germany's Fachpack, and Turkey, exposing the cluster to global practices and markets. The initiative created critical mass of packaging companies ready to supply international market, UNDP, with partnership of Enterprise Georgia and IOM supported the sector to exhibit its product in international markets, consecutively 2022 and 2023, at Fachpack and Interpack exhibitions in Germany. Participation in the Fachpack, Interpack 2023 and already scheduled Fachpack 2024 showcased Georgian companies to international trends and opportunities. Enterprise Georgia introduced trade facilitation program for Packaging Sector, for two consecutive years funding a common space and stand for packaging sector at Fachpack 2022 and Interpack 2023, emphasizing eco-friendly packaging. UNDP supported the sector, in stand design and digital product development, fostering collaboration among companies and enhancing market focus and product improvement. IOM support included involvement of Georgian diaspora in linkages of Georgian producers with international counterparts.

UNDP's partnership with PMAG helped the cluster management organization expand and build its linkages responding to the outcome through UNDP aiming to develop and function the clustering approach in the packaging (outcome 2 level). Many companies deem the domestic market saturated, with little potential for growth. However, PMAG sees opportunities to bring together actors in the packaging value chain to exploit better new opportunities.

UNDP's efforts in promoting circular economy and Extended Producers Responsibility (EPR) related practices, focusing on waste management and recycling supports national development goals related to environmental sustainability and resource efficiency. UNDP spearheaded circular economy promotion, focusing on waste management and recycling for sustainable development. Collaborative efforts with public and private sectors, particularly in development of Extended



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United Nations



Producer Responsibility (EPR) initiatives, drove national environmental goals. UNDP has focused on education and awareness raising for the packaging companies, ensuring clarity and guidance. By sharing international Producer Responsibility Organization (PRO) models and hosting educational sessions, UNDP equipped Georgian companies with knowledge and tools for compliance. Additionally, UNDP conducted legislative reviews and developed guidebooks, fostering eco-friendly packaging practices. Through partnerships in regions like Imereti and Kakheti, UNDP strengthened waste management frameworks, emphasizing public-private cooperation. Studies and gap analyses further enhanced waste management strategies. Overall, UNDP's multifaceted approach prepared Georgia packaging sector for EPR regulations, advancing environmental sustainability and resource efficiency goals.

Consequently, in the absence of renewed formal EPR legislation, UNDP's intervention focused on building the groundwork for its implementation in Georgia. This involved:

- **Strengthening Collaborations:** UNDP facilitated formalisation of cooperation among the municipalities, the private sector, World Packaging Organization (WPO) and producer's responsible organisation (PRO) in the Kakheti and Imereti regions through a letter of Intent to create a cohesive network for EPR-related initiatives.
- **Gap Analysis and Recommendations:** In four selected municipalities of Lagodekhi, Samtredia, Telavi and Zestafoni, UNDP supported a comprehensive gap analysis – waste composition analysis to assess the current waste management situation against existing and potential EPR requirements.
- **Knowledge Sharing and Capacity Building:** Through sessions that shared successful and unsuccessful EPR models from Europe, including the involvement of the Belgian PRO, model of Polish PRO and practical guidance on the sight around the Latvian model – considered most appropriate for Georgia.
- **Working Group Formation:** A working group was established to delve deeper into EPR practices and to ensure that the sector was not only aware of the theoretical aspects of EPR but also ready to witness and adapt to its practical implementations.
- **With UNDP's support, an online camp called "Online Green School-Camp for Youth" was organized for school children. The camp designed as a cycle of interactive masterclasses focused on green and circular economy delivered by lead experts. Topics covered green and circular economy, the role of social media, mental health, public speaking skills, and the EU and Georgia's agendas for green transition.**
- **Focus on Recycling:** Beyond waste collection, UNDP also explored the recycling aspect of EPR by conducting studies, such as one on paper waste management in collaboration with PMAG and presenting these findings to stakeholders to enhance recycling practices. UNDP, in collaboration with PMAG, undertook a comprehensive study "Paper Mill (Recycling and Production) Investment Assessment in Georgia," to strengthen entrepreneurship and strategic business investments. This study was pivotal in assessing the feasibility of establishing a local recycled containerboard production in Georgia¹.

¹ Annex UNDP Study Paper Mill (Recycling and Production) Investment Assessment in Georgia



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- Awareness raising for alternative energy sources, solar energy, in Packaging Value Chain.
- UNDP assisted preparing Report on Innovations in Industrial Skills Development. The paper provides with analysis of existing recorded practices and policies for developing national systems, private-public partnerships, and capacities of various actors in the VET.
- Sustainable waste management solutions in hospitality value chain in Kakheti and Imereti region - These interventions align with global efforts to mitigate environmental impacts and promote sustainable development within key sectors, underscoring the critical role of innovative waste management and circular economy practices. This activity was replicated by USAID to Ajara and Tbilisi areas.

The sustainability of the PMAG Packaging Cluster post-UNDP intervention is promising, rooted in strategic planning and member engagement, with members committed to continuity and support through fees and collaboration. This financial and strategic autonomy ensures the cluster's operations thrive independently, highlighting a shift towards self-sufficiency. The ongoing collaboration between WPO and PMAG, planned beyond UNDP's involvement, underscores a commitment to sustainable partnership, with UNDP's initial support facilitating PMAG's self-reliant progress and global integration. Aligned with environmental goals, PMAG's initiatives contribute to long-term sustainability in Georgia, fostering a robust stakeholder community socially, and hinting at a stable economic future. The exit strategy includes recommendations for sustainability, such as annual needs studies and a transparent business model balancing member fees and commercial activities. This is a basis for the adjustments to the cluster strategy to support the cluster's growth and development, ensuring its long-term viability and impact in the packaging sector.

(b) Seed/Seedlings Sector (FAO):

The Georgian government is actively working to improve the quality of locally produced seeds and saplings, as this is crucial for the growth of the fruit and wine industries in the country. Lower productivity levels and high loss rates are significant challenges. To overcome these issues, the government is aligning its legal framework with EU standards as part of the EU-Georgia Association Agreement. This shift necessitates that Georgian-produced propagating materials meet the minimum production standard of CAC (Conformitas Agraria Communitatis). At present, Georgia is compelled to import a substantial portion of its sapling needs due to various challenges faced by local fruit sapling producers like varietal identification, traceability of rootstocks and scions, and various phytosanitary problems, related to viruses. To mitigate these issues and standardize local production with international expectations, a mandatory certification and qualification system for nurseries in Georgia has been developed and will come into effect by mid-2024.

To this end, in 2023 FAO continued to provide support to both the Georgian state and the private sector to create a system of qualification and certification for nurseries in Georgia, with the objective of improving the financial sustainability of Georgian production. To achieve this, FAO



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has been working hand in hand with various sector-related stakeholders in preparing the necessary legal framework for the certification system, providing technical support to nurseries for meeting the requirements of the certification and qualification systems (also through the contributions of GEOSSA), and ensuring access to basic services and quality/clean material needed by the nurseries.

During the reporting period, FAO organized a Workshop on Sapling Certification and CAC Standards to facilitate a comprehensive dialogue among relevant stakeholders. Additionally, FAO conducted capacity-building sessions for key authorities such as the SRCA, NFA, and SLA to improve their operational proficiency in the field. Furthermore, a study visit to Italy was coordinated for participants from MEPA, SRCA, NFA, and SLA. The study visit aimed to provide them with insights into EU and international certification standards and schemes, as well as the application of EU, national, and regional regulations. The participants also learned about phytosanitary inspection and monitoring processes, as well as the production of high-quality and healthy plant material and plant propagation. This knowledge and skills in these areas will enhance their professional development and contribute to their overall expertise.

Since 2021, FAO has been increasing its efforts to boost the competitiveness and product safety of various crop producers. Through its structured assistance to the private sector, FAO has provided training to about 1,000 beneficiaries from the Plant the Future Programme and various sector-based associations. The training, which spans across the production of key fruit, nut, and berry crops, aims to advance product quality.

In 2023 alone, FAO extended its capacity-building program to over 140 fruit farmers, reaching almond and olive² producers in Kakheti and Kvemo Kartli, peach and apricot³ farmers in Kakheti, and berry⁴ growers in the Guria and Samegrelo regions. The training sessions focused on promoting efficient agricultural practices and featured the involvement of international experts. The aim of these initiatives is to provide comprehensive support for the entire fruit value chain, including collaborating with private nurseries, farmers, and producers to improve industry standards and quality.

During the project, a total of 220 winegrowers from up to 80 small/medium and large wine producers were trained. This includes over 110 winemakers from various regions of East and West Georgia who received trainings⁵ since the last reporting period. The training focused on modern pruning techniques, specifically Winter and Green pruning, as well as on food safety. Theoretical sessions were also conducted on establishing a Mating Disruption Programme for controlling *Lobesia botrana* as part of the Integrated Pest Management. This training aimed to improve the phytosanitary environment, reduce over-spraying of fungicides, and enhance the production of

² Annex: FAO Detailed Actions Performance 2023 – Almonds and Olives

³ Annex: FAO Detailed Actions Performance 2023 – Peaches and Apricots

⁴ Annex: FAO Detailed Actions Performance 2023 – Berries

⁵ Annex: FAO Detailed Actions Performance 2023 – Grape vine

safe and high-quality fruits, thereby contributing to the sustainability of the private sector in the region.

Furthermore, FAO has responded to requests for access to video tutorials⁶ in Georgian by translating and dubbing one of Julio Prieto Diaz's online courses. This course, titled "Complete Course on Respect Pruning in Vineyard", provides valuable knowledge and guidance on proper pruning techniques for maintaining vineyard health and ensuring high grape quality. The training sessions delivered by this international consultant were highly popular among both existing and new wine producers in Georgia, which underscores the demand for such educational resources in the local language. The translation process was completed successfully, and the video series is now available to over 200 registered users in the Georgian wine industry, benefiting viticulturists and improving economic output from vineyard operations.

During the reporting period, and in collaboration with the ENPARD IV programme FAO continued the implementation of the Mating Disruption Programme⁷. In 2023, the program expanded to include seven small/medium and large grape producers in Mtskheta-Mtianeti and Kakheti regions, covering a total of 531 hectares of vineyards. This area was more than double the size of the previous year. This initiative, a collaboration between the FAO and private sector entities, has been phenomenally successful in promoting sustainable organic farming in the region. It has created a viable approach to improving food safety standards and reducing the risk of human consumption of wines with pesticide residues, resulting in higher yields with reduced environmental impact.

The "Unique Georgian Taste" agro markets have proven to be effective in promoting locally produced niche products in Georgia, including Geographical Indications (GIs), terroir products, and endemic varieties. From June 2022 to December 2023, 63 small to medium-sized producers from all regions of the country benefited from this initiative. Additionally, there was a notable increase in the number of participating farmers, with over 60% of them being women producers. Throughout the period, 13 "Unique Georgian Taste" markets were organized, showcasing a variety of Georgian cheese, meat products, wine, honey, jams, sauces, spices, tea, handmade sweets, and other goods. A significant achievement of this endeavours was the increased publicity and awareness surrounding these niche products and their respective producers, resulting in heightened market access in the HoReCa and retail sectors. The markets generated over 335,000 GEL in sales, further contributing to the success of this initiative.

Output 3. Packaging and seeds/seedlings clusters enhanced through strategic investment (UNDP):

UNDP supported the strategic investments, unlocking the potential of the packaging value chain. Investments focused on machinery modernization and upgrading, quality certificates and

⁶ Annex: FAO Detailed Actions Performance 2023 – Complete Course on Respect Pruning in Vineyards

⁷ Annex: FAO Detailed Actions Performance 2023 – Mating Disruption Programme



Food and Agriculture
Organization of the
United Nations



UNITED NATIONS
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compliance with international standards, and capacity building and training, meeting identified needs and opportunities for the sector. UNDP supported investments through a matching grant scheme to help companies in Imereti and Kakheti with necessary funds to improve the sector's performance.

The strategic investments in the PMAG Packaging Cluster have catalyzed substantial growth and sustainability within the packaging sector across the Imereti, Kakheti and Tbilisi (and adjacent area). By implementing a Matching Grant Scheme in within 2022 and 2023, focused on machinery modernization, quality certification, and capacity building, UNDP has directly contributed to enhancing the sector's competitiveness and alignment with international standards. This initiative has seen a total investment of over 1.2 million USD, with UNDP's grant funding facilitating significant advancements in product quality and operational efficiency (implementing machinery modernization and upgrading projects) for 18 member companies, out of which 6 beneficiaries were added within 2023. In total 24 companies were beneficiaries of the grant scheme (8 led by women). Within 2023, UNDP prepared companies to comprehend strategic planning and enterprise management information systems (MIS) and quality systems and certification tailored for small and medium enterprises (SMEs) in the packaging value chain.

The matching grant program enabled the modernization of 24 companies (8 led by women, 33%) in Imereti, Kakheti and Tbilisi and Adjacent Areas, with a total investment of 1,226,778.68 USD. UNDP intervened with a share of the budget in implementing machinery modernization and upgrading projects.

The impact of these investments is evident in the creation of full-time jobs, with an emphasis on expanding sales and adopting ten quality schemes in total, marking a notable improvement in the sector's performance. The adoption of quality schemes has been instrumental in opening doors for export opportunities and import substitution potential, contributing to the economic resilience and growth of the packaging sector in Georgia.

As for the results, within the strategic investments for growth cumulatively, 76 jobs were created within the strategic investments in the focus regions, out of which 34 were for women (44.7%).

Furthermore, the Cost-Benefit Analysis conducted for these strategic investments has provided valuable insights into the profitability and long-term viability of the beneficiary companies, ensuring informed decision-making and sustainable growth. This comprehensive approach to sectoral support has not only bolstered the packaging industry's capacity to meet international standards but also fostered an environment conducive to innovation and quality improvement, setting a solid foundation for the continued prosperity of the PMAG Packaging Cluster and its member companies post-UNDP intervention.

Ten quality schemes are adopted in packaging companies through the matching grants scheme. The expanded sales forecast for all beneficiaries in focus regions on average for 2022-2023 was



Food and Agriculture
Organization of the
United Nations



UNITED NATIONS
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GROUP



43.2%. Most companies have a boost in exports and the import substitution potential; Overall, the packaging sector in Georgia witnessed significant growth, with total consumption increasing by 66% from 2018 to 2023, reaching 472.65 million GEL. During this period, local production's share surged to 78%, marking a 113% increase since 2018.

Output 4. Migration is mainstream component of SME development support (IOM)

Progress against this output is provided in the next section.

2.2/ Progress on output indicators

UNIDO: At the Output level, UNIDO aims at strengthening the capacities of policymakers and other stakeholders to identify and develop clusters.

The Target 1.1 Cluster mapping undertaken based on prioritization criteria set with local counterparts (baseline – 0, target by 2022 – 1) was successfully achieved at 100% in 2019 and formally validated in 2020 as in the reporting period of 2019 UNIDO conducted first-of-its-kind comprehensive mapping of 57 emerging and potential clusters in Georgia. The mapping exercise allowed UNIDO to identify the most promising and leading clusters in Georgia that scored the highest against set criteria that represent priorities for the Georgian state.

The focus for the cluster mapping was on manufacturing and agribusiness in Georgia. In addition to the above-mentioned sectors, primary agriculture and mining were also investigated. Cluster mapping uses two layers of analysis, with both qualitative and quantitative information that has been investigated and elaborated. The report is a comprehensive analysis of the potential that clusters have in Georgia and is divided into three chapters: 1) Methodology and its limitations; 2) Economic context of the regions with a focus on the overall macroeconomic profile, economic structure and agglomerations identified through quantitative and qualitative analysis; and 3) Country-level cluster selection matrix and prioritized clusters.

The report was prepared by the UNIDO Cluster Team between May and December 2019, with major analytical inputs from subcontractors: ISET Policy Institute, TBSC Consulting, and the Association of Business Consulting Organizations (ABCO). The subcontractors were selected through a competitive bidding process. International Cluster Experts, with the support of the National Project Coordinator, closely monitored and guided the local sub-contractors through regular field missions to Georgia in 2019 and provided online support.

The cluster mapping was conducted in adherence to UNIDO methodology with the following steps:

1. UNIDO undertook desk research of available studies, analysis, policies, and examples of clusters in Georgia and prepared a comprehensive summary of the existing and past interventions (*Activity 1.1.1 Desk review of available studies, achieved by December 2019 – 100%*).



Food and Agriculture
Organization of the
United Nations



UNITED NATIONS
SUSTAINABLE
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2. UNIDO defined the cluster selection criteria and formally validated them in consultation with various stakeholders (*Activity 1.1.2 Definition of identification and selection criteria with national and local stakeholders, achieved by January 2020 – 100%*).
3. UNIDO undertook an analysis to highlight the geographical concentration of producers and processors in the country, to evaluate established and/or potential cooperation activities among producers and needs assessment; Identified intermediate support institutions that could become cluster development agents (CDA) and to facilitate and trigger cooperation among producers (*Activity 1.1.3 Questionnaire development and collection of information at the field level, Activity 1.1.4 Data analysis and Activity 1.4.1 Identification of potential local and national institutions to be involved in the training (local associations, institutions, technical centres, local governments, universities, etc.) achieved by December 2019 – 100%*);
4. *UNIDO organized awareness seminar/workshop on cluster mapping to present and formally validate the results (Activity 1.1.5 Validation workshop, achieved by January 2020 – 100%).* UNIDO organized a Cluster Mapping Review Workshop on 22 January 2020 to present and formally validate the cluster mapping results (the mapping had been partially discussed at the UNJP Stakeholders Forum of 20 November 2019). The representatives of Government institutions, regional authorities and international organizations attended the workshop and positively evaluated the cluster report and pointed out the importance of cluster development in Georgia for increased competitiveness of the private sector.
5. Out of 57, initially, eight clusters were selected for in-depth diagnostic studies in close consultation with MoESD and MEPA and following four criteria: 1) Highest growth potential (from top 20 clusters), 2) Priority clusters for the government, 3) No prior diagnostic studies conducted for the cluster, and 4) No major technical assistance provided by development partners to support the cluster development. (*Activity 1.2.1 Identification of potential clusters for which the diagnostic will be undertaken, achieved by March 2020 – 100%*)

Target 1.2 *No of emerging and/or potential clusters detailed diagnostic studies by the programme (target by 2022 - 8) was achieved at 100% in 2021.*

In total, UNIDO finalized nine cluster diagnostic studies by 2021 (three in 2020 and six in 2021): The cluster diagnostic studies conducted in 2020 include 1) Pharmaceutical production with a focus on bacteriophage and herbal medicine (Tbilisi), 2) Processing and preserving of fruits and vegetables with a focus on hazelnuts (Samegrelo-Zemo Svaneti), and 3) Marine fishing (Samegrelo-Zemo Svaneti). In the reporting period of 2021, UNIDO has finalized other five initially agreed cluster diagnostic studies: 4) Toys production (Tbilisi), 5) Jewellery (Tbilisi), 6) Fruit and vegetable processing cluster with a focus on hazelnuts (Guria), 7) Poultry (Kvemo Kartli) and 8) Wine (Kakheti).

In addition, the Ministry of Environmental Protection and Agriculture (MEPA) had selected an agglomeration of greenhouse enterprises and supporting institutions in the Imereti region to



Food and Agriculture
Organization of the
United Nations



UNITED NATIONS
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support strategic investments and promote a cluster approach. To support this endeavour, upon the request of MEPA, UNIDO agreed to conduct an additional cluster diagnostic study for the greenhouses. Therefore, **upon the request of MEPA**, UNIDO conducted an **additional cluster diagnostic study** for **greenhouses** in the Imereti region. The study was finalized in May 2021.

The diagnostic studies aim at identifying the main strengths and weaknesses, opportunities and threats (SWOT) of a cluster, promote dialogue between cluster-based stakeholders in order to create consensus around a shared development vision, identify priorities and generate concrete proposals for activities that will feed into the cluster action plans, and collect information that will be used to establish a baseline for monitoring and evaluation (M&E). The diagnostic studies presented a deeper insight into the potential clusters, feeding into the process of workplan and cluster strategy development and acting as a guidebook for practical cluster-level interventions.

UNIDO organized **two virtual validation workshops** for cluster diagnostic studies on **29 September 2020 and 29 March 2021**. The UNIDO Cluster team presented the results of the studies, including the history of the clusters, challenges and opportunities, and vision. The participants (Government institutions, UN organizations and the private sector) positively evaluated the studies, pointed out the importance of strong multi-partnership cooperation for cluster development and stressed the importance of supporting these clusters for promoting MSME competitiveness in Georgia and developing wider market opportunities.

The cluster diagnostic studies were prepared by the UNIDO Cluster Team with major analytical inputs from subcontractors: TBSC Consulting and PMC Research Centre. Subcontractors were selected through competitive bids.

UNIDO in close consultations with MoESD/Enterprise Georgia selected two pilot clusters for **direct support: Marine Fishing and Pharmaceutical/Bacteriophages and Herbal Medicine** (registered as the *Georgian Biopharmaceutical Cluster*). UNIDO's support to two selected/pilot clusters identified through the diagnostic studies has been focused on the activities listed under Target 1.4.

The Target 1.3 *No of institutions and people trained on cluster mapping and diagnostic (% of women) (target by 2022 - 5 institutions, 30 people)* was fully achieved at 100% by February 2020, since UNIDO conducted a capacity building training on the cluster development approach with a focus on diagnostics and action planning for sustainability on 12-13 February 2020. In total, 30 persons were trained, including 13 women (43%), from 10 organizations (MoESD, Enterprise Georgia, MEPA, RDA, Scientific-Research Centre of Agriculture, UNDP, FAO, Packaging Association, PMCG Research, TBSC Consulting).

The Target 1.4 *N of cluster activities realized in pilot clusters identified through the diagnostic (target by 2022 – 2)* has been achieved at 100% by the end of 2022. However, this work continued until the end of November 2023 with additional activities conducted to ensure the sustainability of cluster-level intervention, thus overachieving initially set targets. The process of selection and realization of the collective activities in the selected clusters was done based on regular

communication and feedback from the cluster members and the following milestones were achieved to reach Target 1.4⁸:

(Identification of collective activities that clusters can put in place and work plan validation with the identified cluster stakeholders – completed at 100% by August 2023). UNIDO organized a series of meetings both physical and virtual to agree on the concrete collective activities and the legal aspects of the cluster establishment. After the clusters were successfully registered and collective activities were identified (GMP and e-Marketing training and coaching programmes, joint website, and corporate identity, etc.), the cluster managers, with the help of the UNIDO team, proceeded with drafting of Cluster Development Strategies and the Workplans, which were finalized by August 2023.

Cluster Development Strategy documents were finalized for the Georgian Marine Fishing and Georgian Biopharmaceutical Clusters. The cluster development strategies lay out a clear 5-year path to sustainable and inclusive development for the two clusters, with the focus on economic development, social inclusiveness, and environmental responsibility. The documents present the analysis of the current situation in both clusters, exploring the main problems and challenges, and ways in which these challenges can be addressed, providing the best solutions towards better sustainability and inclusiveness for all MSMEs in the clusters. Both strategy documents are grounded in the reality of the context that the MSMEs operate in Georgia and offer the main strategic directions for the two clusters, considering the intricate nature of the value chains and the enabling environment. The cluster strategy documents can be used by cluster managers and executives as a guidebook, laying out a path to greater competitiveness, and presenting the most critical areas for intervention to achieve sustainability, considering the realistic needs of cluster members.

(Establish and strengthen the capacities of the Cluster Management Organizations to improve their service delivery and increase inter-firm cooperation – completed 100% by December 2023). UNIDO has recruited Cluster Development Agents (CDAs) for the Georgian Marine Fishing and Georgian Biopharmaceutical Clusters. Both clusters were established as a Non-entrepreneurial Non-commercial Legal Entity in 2022 and work on developing corporate identities and websites for collective representation commenced.

- The Georgian Marine Fishing Cluster was officially registered in August 2022. The first General Assembly of Members was held on 13 October 2022 on the premises of State Maritime Academy, Poti branch. The Georgian Biopharmaceutical Cluster was incorporated on 25 October 2022 and was eventually renamed to Georgian Biopharmaceutical Cluster.
- In consultation with the cluster members and support of CDAs, UNIDO completed the development of corporate identities and websites for the clusters in June 2022. This was achieved by technical inputs of the service provider/contractor - Idea Design Group – that

⁸ Annex: UNIDO Detailed Actions Performance 2022



Food and Agriculture
Organization of the
United Nations



UNITED NATIONS
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was hired through competitive bidding. The cluster websites are registered on the following domains: www.pharmacluster.ge and www.marinefishcluster.ge

- The same company has been working with the clusters on website management, content management, design of digital promotional material and the creation and management of social media pages (Facebook and LinkedIn). In addition, UNIDO supported the two clusters with digital marketing and promotional campaigns for Google and social media, which increased the digital reach for the clusters and raised awareness among target audiences. The work on digital promotion was completed in December 2023.
- Professionally edited, promotional videos were produced for the Georgian Marine Fishing Cluster and the Georgian Biopharmaceutical Clusters. The videos featured the cluster members, their facilities, production processes, as well as interviews with UNIDO, cluster managers, the founders and others, giving information about the project, EU and UNIDO support, and Cluster objectives. The purpose of these videos is to highlight the achievements of the clusters with the help of the EU and UNIDO and to raise awareness about the prospects for future collaboration.
- Between May and October 2023, managers of the Georgian Marine Fishing Cluster and Georgian Biopharmaceutical Clusters participated in an intensive online program for cluster managers, organized by TCI Network. The Cluster Accelerator Program is a 12-week networking accelerator for cluster leaders who are seeking growth and development. The program comprised 6 online sessions, together with group-based peer learning and mentoring with cluster representatives from elsewhere in the world and experts from the TCI Network. The program has allowed the cluster managers to benchmark against some of the successful international case examples and to develop core competencies for the effective management of their clusters in Georgia.

By the end of 2023, the Georgian Marine Fishing Cluster already had 12 members and the Georgian Biopharmaceutical Cluster comprised 13 members, including producers, education and research centers. The clusters are now better managed, with greater digital presence and awareness and are well-equipped to achieve good governance.

(Facilitate public-private dialogue towards sector-specific policies, strategies and support programs – completed 100% by June 2023). A mission was organized to Turkey with the involvement of the Director/CDA of the Georgian Marine Fishing Cluster, UNIDO International Cluster Expert and representatives of the state agency “Enterprise Georgia” and the Georgian Maritime Transport Agency (MTA) between 27-29 June 2022. The purpose of the visit was to support members of the Georgian Marine Fishing Cluster to mediate between the cluster and the ship-building company in Turkey to resolve issues regarding outstanding orders to build new ships/vessels for Georgian fishing companies, acquired via the credit guarantee financial support program from the state agency “Enterprise Georgia.” Several meetings and visits were made to locations, such as the ship-building company in Trabzon, the Consulate of Georgia to Turkey and the Trabzon Chamber of Commerce. Since then, most of the ships that were ordered have been delivered in Georgia. Another trip to Turkey was conducted by the Director/CDA of the cluster at the request of a member company on 25 January 2023.

Furthermore, the Georgian Marine Fishing Cluster facilitated the process of introducing and approving an amendment to one of the legal acts in Georgia to allow fishing companies to exploit newly leased ships for fishing in the Black Sea. The initiative was supported by the National Environmental Agency, the Maritime Transport Agency of Georgia and the state agency Enterprise Georgia. The need to initiate the amendment to the legal act arose due to limitations faced by the leased vessels, acquired with the support of Enterprise Georgia and officially owned by lessor banks, to engage in marine fishing in Georgia. After the amendment, cluster member lessee companies can now use newly leased vessels to benefit from the fishing quota and exploit the available fishing resources better. The change in the decree was signed by the Prime Minister of Georgia and approved on 28 October 2022.

The Georgian Marine Fishing Cluster has since been actively participating in the policy-making processes regarding the development of aquaculture. The Georgian Marine Fishing Cluster was selected and participated in a Strategic TAIEX meeting in Brussels, initiated by the European Commission, in support of developing Aquaculture in Georgia, Moldova and Ukraine. The workshop was organized between 15-16 June in Brussels and covered the topic- ‘Aquaculture – sustainable development - key factor for food’. The focus of the discussions was the regulatory and institutional framework and National Aquaculture strategies, while panel discussions addressed more specific issues such as producer organizations, environmental standards and market measures. The launch event comprised representatives from high-level governmental authorities, technical staff and sectoral associations involved in the aquaculture sector. The director of GMFC actively participated in the workshop and further strengthened the position of GMFC as the main representative of the Georgian Marine Fishing industry in Europe. The workshop is expected to be followed by further in-country expert missions and workshops in the coming future.

(Training/coaching of MSMEs and Experts – completed 100% by November 2023). UNIDO worked in two main directions to complete the mentioned activity – the E-marketing and Commerce program and Good Manufacturing Practice (GMP). UNIDO recruited International and National E-Commerce Experts to develop an E-marketing and E-commerce Online Course for the representatives of three clusters – biopharmaceutical, jewelry and toys clusters. In addition, since the international standard of GMP became mandatory in Georgia, UNIDO recruited international and national GMP experts to develop a training/coaching program for pharmaceutical companies.

- **E-marketing and Commerce:** The E-marketing/commerce online course was designed and became available on 7 March 2022. The participants were also given individual coaching sessions with the E-marketing experts. The experts completed 12 coaching sessions (2 hours each) for 4 pharmaceutical companies and 82 coaching sessions for 19 participating jewelry and toys producers (in total 92 sessions). In addition, digital guidelines were produced by the International E-commerce expert for Herbal Medicine, Bacteriophage, Jewelry and Toys producers, and finalized in September 2022.



Food and Agriculture
Organization of the
United Nations



UNITED NATIONS
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DEVELOPMENT
GROUP



- The E-marketing/commerce program yielded fruitful results - beneficiaries started to run social media campaigns, started working on websites and increased their sales online. As a result of the training and coaching sessions, beneficiaries started to draft e-Commerce/marketing budgets for the first time, ran successful social media campaigns, started creating their own websites and placed their products for sale on platforms like Vendoo, Citrus, Extra, Veli, Mymarket and even Etsy. Some companies managed to generate additional sales from digital campaigns even before the completion of the program. Online sales grew from 20% and above.
- In the end, a Graduation Ceremony was held on 14 September 2022. 14 beneficiaries (more than 70% women) were awarded Certificates of Completion.
- **Good Manufacturing Practice (GMP):** The introduction of the GMP standard was identified as one of the most important immediate challenges faced by pharmaceutical companies, especially after compliance was declared mandatory for pharmaceutical manufacturers in Georgia in January 2022. 12 two-day long training sessions have been organized on different topics of GMP by November 2023:
 - 30-31 May 2022 on Introduction to GMP - 26 participants with 65% *women*
 - 11-12 July 2022 on Good Distribution Practice (GDP) - 25 participants with 60% *women*
 - 15-16 September 2022 on Documentation Management - 26 participants with 77% *women*
 - 25-26 October 2022 on Change Control, Deviation Management/CAPA System – 22 participants with 72% *women*
 - 24-25 November 2022 on Quality Risk Management – 20 participants with 75% *women*
 - 12-13 December 2022 on Validation Qualification – 17 participants with 70% *women*
 - 20-21 February 2023 on Management of Personnel in the GMP Environment – 26 participants with 68% *women*
 - 27-28 March 2023 on Facilities, Utilities and Equipment – 22 participants with 54% *women*
 - 24-25 April 2023 on GMP Internal Audits – 17 participants with 65% *women*
 - 29-30 May 2023 on Qualified Person/Responsible Person – 21 participants with 71% *women*
 - 29-30 June 2023 on Practical Aspects of GMP/GDP – 21 participants with 67% *women*
 - 31 Oct-1 Nov 2023 Q&A session – 20 participants 75% *women*
- The training was attended in total by 26 representatives of six producers of Bacteriophage and Herbal Medicinal products. Usually, 65% - 77% of the participants are women. Satisfaction evaluation surveys show an extremely elevated level of satisfaction and knowledge development in all cases. In addition to the training, online trainings were delivered on the topic of Sterile Manufacturing on 22 October, 5 and 19 November 2022 by an expert invited by IOM, who is employed at a prominent GMP-certified pharmaceutical company in Germany – Topmedicare. In total, 35 representatives attended the trainings (83% female) online from six companies.



Food and Agriculture
Organization of the
United Nations



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DEVELOPMENT
GROUP



- UNIDO, with the help of its GMP National Expert, organized a workshop for the CEOs of Pharmaceutical Companies on 30 October 2023. Prominent guest speakers, who are leaders in their own respective fields, were invited to lead the workshop. The workshop revolved around discussions on topics of interest, such as fundraising for pharmaceutical companies and building effective organizational structures in the context of modern challenges. The workshop was attended by 6 CEOs of pharmaceutical Companies, with an elevated level of satisfaction shown by the post-workshop assessment (5 / 5 Overall Satisfaction).
- In addition, on 27 October 2022 a physical tour was organized at one of the leading GMP-compliant pharmaceutical companies in Tbilisi. The participants observed manufacturing facilities and the laboratory on site, reinforcing their theoretical knowledge gained during the training with practical observation. Two representatives were invited from each of the 6 different pharmaceutical companies to attend the tour. 70% of the attendees were female. In addition, a visibility team from the EU Delegation was mobilized to provide coverage and a video and photo material was produced and published on the EU website and social media. The press release can be accessed from [here](#).
- Besides the private sector, UNIDO has also worked with the Ministry of Health (MoH) on the matters of GMP accreditation. In close collaboration and coordination with the Regulatory Agency for Pharmaceutical and Medical Activities of the Ministry of Health, UNIDO developed a training program to capacitate the inspectors and auditors of the agency on the international standard of GMP. The trainings were conducted between 9-10 March (attended online by 30 people / 73% women) and 20-22 March (attended physically by 17 inspectors / 64% women) 2023. The feedback received from the participants showed an elevated level of satisfaction and the director of the agency - Mrs. Liana Chumburidze, expressed her gratitude to UNIDO and experts for sharing the knowledge.
- UNIDO also collaborated with academia on GMP. An agreement was reached with the Georgian State Medical University to execute a GMP education course for master's and PhD students. UNIDO GMP expert delivered 9 lectures and practical workshops for two groups of students (18 lectures in total for both) between May and July 2023. In total 54 students attended the program, out of which nearly 80% were female. The first lecture was delivered on 20 May and the program was concluded on 4 July 2023. All students expressed an elevated level of satisfaction and gratitude and received highly needed knowledge on the international standard of Good Manufacturing Practice. An additional, wrap-up session was delivered for the students on 28 October 2023.
- UNIDO, Georgian Laboratory Association and Ilia State University worked with the Ministry of Education and Science of Georgia to grant state recognition to the GMP educational program that will be offered by Ilia State University. This will be the first GMP vocational training program in Georgia with state authorization and accreditation.
- UNIDO, with the help of its GMP National Experts, created an e-learning platform on GMP for Pharmaceutical Companies, GMP Practitioners, Quality Assurance Specialists, Students and others to have access to a self-paced video training material on GMP online. Online videos include video content from trainers, written materials, quizzes and infographics. The e-learning platform will continue to exist even after the end of the



Food and Agriculture
Organization of the
United Nations



UNITED NATIONS
SUSTAINABLE
DEVELOPMENT
GROUP



project, adding an element of continuity and sustainability to the learning opportunities created by UNIDO.

- In addition to the trainings, the National and International GMP experts conducted direct, individual coaching sessions with members of the Georgian Biopharmaceutical Cluster. The direct coaching sessions allow the experts to physically visit production/distribution facilities, and custom tailor the training material and content to the specific needs of each of the participating companies. By June 2023, there were 68 individual coaching sessions completed with six pharmaceutical companies, retraining up to 250 people.
- With the help of the above-mentioned interventions, the cluster now has GMP and GDP-certified members. Cluster member company - Neopharm passed audits to earn a GDP certificate in Tbilisi in December 2022 thanks to the UNIDO component. The company has since earned GDP certification for its facilities in the Adjara region as well. Towards the end of 2023, another cluster member was granted a GDP certificate – Gama. In addition, one of the founder companies – BioChimPharm, has received GMP certification and is actively producing and selling its products in Georgian and abroad.

(Organize B2B meetings, international conferences, forums, and other events to attract foreign and local investors– 100% completed by November 2023). UNIDO organized two conferences during the reporting period- 1) the National Conference for the Georgian Marine Fishing Cluster and 2) the International Conference “Biopharma 2023 Georgia”. The conferences have cemented the image of the two clusters as the main platforms where sector representatives and stakeholders can engage with one another, raise concerns and deliberate on matters of importance.

- **National Conference for the Georgian Marine Fishing Cluster:** UNIDO, with the support of the EU, and Georgian Marine Fishing Cluster organized a national conference on 28 April 2023 for its members, stakeholders, and national and international counterparts to engage in discussions and workshops on topics of interest. The conference comprised keynote speeches, presentations and panel discussions. The conference was attended by 38 guests (29% female), representing the Georgian Parliament, Enterprise Georgia, the National Environment Agency and other organizations from the private and non-governmental sectors, like the fishermen's union. The conference allowed GMFC to facilitate the engagement and discussions between fishing companies, Government entities, stakeholders and counterparts to raise awareness about the concerns that the industry has and, thus, laying the groundwork for prospective reconciliation between the industry and the regulatory bodies. Some of the noteworthy topics touched upon were related to concerns regarding Turkish vessels in the Georgian waters affecting fish availability negatively, availability of space in the docks of the Poti port, fish zoning areas, refinancing of the loans under the Enterprise Georgia program and other important topics. The heads of Enterprise Georgia and the National Environmental Agency promised that issues put forward by the fishermen will be raised in their respective ministries. The conference was held in Grigoleti, Guria region of Georgia. In the end, feedback showed an extremely elevated level of satisfaction (above 90%) with the event on all parameters.



Food and Agriculture
Organization of the
United Nations



UNITED NATIONS
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- International Conference Biopharma 2023 Georgia:** UNIDO, with the help of the EU and in collaboration with the Georgian Biopharmaceutical Cluster, organized an international conference in Tbilisi on 17 November 2023 for its members, stakeholders, national and international counterparts, the scientific community, researchers and practitioners to engage in discussions. The conference offered participants the opportunity to listen to presentations, and speeches and to engage in a panel discussion. The conference covered discussions on important topics, such as UNIDO's contribution to the Healthcare System and Pharmaceutical Production in Georgia and elsewhere, implementation of Good Manufacturing Practices, combatting antimicrobial resistance and alternatives such as Bacteriophages, Herbal Medicinal Remedies and challenges and opportunities in the Biopharmaceutical industry across the globe. Different cluster member producers of pharmaceuticals had their trade desks in the conference hall where they presented their pharmaceutical products and promotional materials to guests. The conference was attended by 94 guests (66% female), including representatives from government agencies, global actors and international organizations, the EU delegation in Georgia, private sector companies, as well as individual researchers, scientists, students and practitioners from Georgia and abroad. The satisfaction evaluation survey showed impressive results (Satisfaction score of 4.95 / 5). On 18 November, foreign guests and UNIDO representatives were taken on a tour of the GMP-certified factory of a co-founding member- Biochimpharm, as well as the Eliava Institute and the Eliava Phage Therapy Center. The guests left the country with indelible impressions of the Georgian Biopharmaceutical Cluster and expressed their willingness to continue the collaboration in the future. A press release publication about the conference can be accessed from [here](#).

(Conduct market and feasibility studies– 100% completed by January 2023).

UNIDO supported the Enterprise Georgia agency by launching a study on the Value Chain of Cosmetics and Personal Care Production. The study will allow Enterprise Georgia to decide about selecting the Cosmetic sector as one of its priorities. For this purpose, a contractor/service provider - TBSC Consulting – was hired through competitive bidding. While the research commenced in September 2022, the delivery of the final report and presentation was pushed to the first months of 2023. TBSC Consulting conducted the study and presented the main findings, together with recommendations to the stakeholders concerned. The final presentation was delivered by TBSC Consulting before UNIDO, Enterprise Georgia and Cosmetics Association on 11 January 2023. They showed that the value chain is unsophisticated and unregulated in Georgia, represented by small private producers with little production capacity, while the market is dominated by imported goods. Enterprise Georgia representatives expressed their gratitude to UNIDO for helping with the study since it is going to help the agency make an informed assessment of the state and stage of development of the Cosmetics and Personal Care sectors in Georgia and make judgements about its prospects.



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UNDP: At the Output 2 Level, UNDP has developed a functioning clustering approach in the packaging.

Indicator 2.1 *Number of CMOs that are operating in the packaging sector, target is 2, Achieved, CMO in packaging sector is established covering Tbilisi, Kakheti and Imereti*

UNDP's strategic actions led to the successful establishment of CMO covering the Tbilisi, Kakheti, and Imereti regions. This achievement was realized through a series of awareness-raising workshops, events, and training sessions, aimed at enlightening packaging company representatives about the cluster's benefits. These sessions, facilitated by PMAG representatives and international partners like the WPO, have significantly contributed to the development and operational success of the CMO. The creation of this CMO has enabled a structured and collaborative platform that supports the growth and innovation of the packaging sector, fostering a market-oriented and innovative business model that is crucial for economic development and job creation in the region.

To achieve this milestone, UNDP undertook the following actions: Raising Awareness in Clusters, Cluster capacity development through international best practices, Strategy building, implementation and advancements, Promoting inclusive, digitalized and green development, Promoting job creation, expanded sales and quality schemes adoption, International partnerships and Internalization, The internationalization of packaging companies, has created a promising opportunity for companies to enter the international market and gain co-financing from Enterprise Georgia.

Indicator 2.2 *No of companies who are part of the CMO in the packaging sector and the seeds and seedlings sector.*

At least 50 companies in both clusters. the PMAG Packaging Cluster combined 74 members from the packaging sector.

The PMAG Packaging Cluster has surpassed its target by integrating 74 member companies, demonstrating the cluster's appeal and the value it provides to the sector. This broad membership base reflects the successful implementation of UNDP's strategic initiatives aimed at enhancing the cluster's management and extending its reach, particularly in the Imereti and Kakheti regions. The diverse membership, covering various segments of the packaging sector, highlights the cluster's role in facilitating collaborative initiatives that have driven significant economic growth and innovation. The inclusion of a substantial number of women-led companies further underscores the cluster's commitment to promoting gender inclusivity and empowerment within the sector.

To effectively implement cluster operations, strategy implementation has commenced, and organizational structure and the core team has been built. UNDP supported institutional development of PMAG so that its developmental impact reaches at wider angles both nationally and regionally. Online Member Directory: <https://bit.ly/3ukpE5D>



Indicator 2.3 No. of inter-firm collaborative initiatives/projects undertaken between the CMOs' members.

The target is at least 10 for both clusters. Six activities (Raising Awareness in Clusters; Capacity Building through best practices; Strategy Building; Promoting inclusive, digitalized, and green development; Promoting job creation, expanded sales and quality schemes adoption; International Partnerships and Internalization) were initiated and supported in 2022 in the packaging cluster.

UNDP supported the preparation of the Strategy on Inter-firm Cooperation: Supporting inter-firm cooperation is among the most important — and one of the most difficult — activities that a CMT can organize for its cluster members. The ability to reach good inter-firm cooperation is the main differentiator between regular business support organizations (which often apply a bilateral approach in a client-service supplier relationship) and a CMO.

The task of preserving and reinforcing a cluster quality brand label is progressing satisfactorily. The brand's inception began in the year 2020, with initial actions entailing the creation of a website, namely www.pmag.ge, and a social media presence, a brand logo, as well as a communication package that encompassed diverse tools such as posters, photo shoots, a brand video, and business cards. This developmental process was continued actively throughout the year 2022. UNDP extended its valuable support by providing suggestions regarding inter-cluster linkages and the internationalization of the packaging cluster. As a future prospect, the Cluster Management Team is contemplating the establishment of a workgroup named "**PMAG Go Global**" – "**Unpack Success with Georgian Touch**" that will be dedicated to internationalization activities related to cluster members. In doing so, PMAG cluster member companies will transcend their pandemic-induced hesitancy to take risks and, in addition to concentrating on surviving and preserving their standing in the market, they will be offered the opportunity to receive investment support that is indispensable for enhancing their standards and preparing them for certification, a prerequisite for international business expansion.

The internationalization actions included reinforcing the inter-firm collaborations and supply chains in the packaging industry, facilitation innovations, technological advancement, and capital goods upgrade, since packaging material production is highly capital-intensive. The well-functioning upgraded machinery is vital for these business operations, to attain less waste and discrepancies. The machinery is in a strong correlation with the costs of the production and energy usage. Purchase of the new machinery is related to the extremely high costs and obstacles related to the existence of relevant suppliers. thus, UNDP intervened supported companied to get acquainted and implement new technological solutions.

Indicator 2.4 % of self-financing of CMO in packaging

Achieved, subject to cluster member adhere fulfilling payment of member fees - Target is at least 30% self-financing (does not include donor funding). Over 30% of self-financing annualized, adjusted for operational costs.



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Organization of the
United Nations



UNITED NATIONS
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GROUP



UNDP continued to support the PMAG Packaging Cluster through the technical assistance, supporting the cluster in operations and in member company integration. The cluster was guaranteed with the continuation of external support to reduce the gap in financing by the end of June 2023. and to be able to provide basic service activities for members.

The cluster has reached 63 paying member companies, thus generating annual fees over GEL 45,000, while operational costs amount up to GEL 70,000. The CMO management team is actively involved in networking activities to attain and further expand membership and regional coverage. Delivering revenue-generating business support services remains challenging and entails specific in-house competencies. It is vital continuation of stable payments from member companies, the financial year 2023, due to the war is still quite challenging for companies, some companies are lagging membership fee payments. Packaging companies, full members of packaging cluster, is the core of the cluster, tend to be more permanent, and is expected to be main driver of the cluster sustainable development.

Indicator 2.5 *CMO in packaging cluster facilitates extended producer responsibility (EPR) implementation in packaging.*

Achieved conditioned that the national EPR system for plastics packaging is not on place which was not intended this JP.

UNDP's efforts have laid the groundwork for the implementation of Extended Producer Responsibility (EPR) within the packaging sector, promoting environmental sustainability and resource efficiency. While regulatory frameworks for EPR are still in development, UNDP's initiative-taking approach has prepared organizations for upcoming regulations, fostering awareness and facilitating the adoption of best practices. This initiative is crucial for aligning the Georgian packaging sector with EU standards, contributing to the sector's environmental sustainability and economic resilience.

UNDP's efforts in advancing circular economy practices, particularly through waste management and recycling initiatives, align with national development objectives geared towards environmental sustainability and resource efficiency. By fostering collaboration between public and private sectors, especially in the nascent stages of Extended Producer Responsibility (EPR) implementation and waste management systems, UNDP has played a pivotal role in leveraging the combined strengths and resources of these sectors for sustainable development. Despite the absence of formal EPR legislation in Georgia, UNDP's multifaceted approach has significantly bridged the legislative gap. This included creating foundational documents on EPR legislation for packaging waste streams in Georgia, exploring successful Producer Responsibility Organization (PRO) models, sharing European experiences, and learning from the challenges faced by other countries in EPR implementation. Furthermore, UNDP's review of regulatory legislation on plastic and biodegradable bags, coupled with the development of guidebooks and collaboration with WPO and PMAG, has guided Georgian packaging companies towards eco-friendly production practices. The establishment of working groups, focus on recycling, and the organization of study visits to



Food and Agriculture
Organization of the
United Nations



countries like Latvia have collectively prepared the Georgian packaging sector for upcoming EPR regulations and contributed to the advancement of sustainable waste management practices in alignment with Georgia's environmental sustainability goals.

UNDP significantly impacted the packaging sector in Georgia, as it facilitated the transition to a green and circular economy. This was achieved by encouraging resource efficiency and raising awareness about Extended Producer Responsibility (EPR) policies and the successful and unsuccessful examples sharing. Furthermore, the UNDP supported companies in the packaging value chain in Georgia to modernize their machinery and invest in modern technologies to meet international standards and certification requirements, as well as to address environmental pollution, health, safety, and waste management issues. This intervention enabled the Georgian packaging sector to align with EU standards, thus improving the country's trade orientation and overall economic development.

EPR system introduction under the UNDP component needs additional time, as the national regulation and legislation framework formation did not progress in 2023, and the national consensus on EPR-related regulations has not been achieved yet. Even though the exact deadlines for implementing EPR regulations packaging components are unknown, the largest producers (such as soft drinks producers) have registered the Producer Responsibility Organization (PRO) but have not been authorized by the regulator in the absence of such regulations.

In the circumstances of the nonexistence of the regulations, UNDP prepared these organizations in advance, strengthened their capacity, and supported Georgian packaging sector businesses to comply with upcoming EPR regulations adopting regulation. For instance, the incentivization of plastic waste was initiated and implemented in different cities, raised awareness, and conducted workshops about the PRO integrated systems based on the best practices of several other countries. As the scope and structure of the upcoming EPR regulations are not explicit, discussing several country cases that best fit the Georgian Environment has been conducted. UNDP focused on advancement through complex interventions at the national and subnational levels and across multiple actors to create preconditions and an enabling system for implementing circular processes.

Indicator 2.6 *No. of priority needs solved in CMOs.*

The target is 20 (in total for packaging and seeds and seedlings sector). Achieved: 10 needs (for packaging cluster).

Based on preliminary studies, 14 actions were undertaken during the reporting period to address needs in four areas:

- I. **CMO development and international best practices**
 1. CMO business strategy and corporate governance

2. Participation in international exhibitions, technological transfer and advancement and innovation
3. Local and international partnerships
4. Women's Business Empowerment Project
- II. **Vocational training and capacity strengthening**
 5. International financial reporting standard for small and medium enterprises
 6. Planning Digital resources ERP/MIS SOFTWARE
 7. Business Digitalization
 8. Access to finance
 9. Trade Finances
 10. Circular Economy
 11. Packaging Technologies
 12. Waste Management attractive Practices and Opportunities for Sustainable Development in Tourism Industry
- III. **Internalization**
 13. Export-orientation activities with the support of Enterprise Georgia
 14. Strengthening International representatives in Germany and Spain

FAO: At the Output 2 Level, FAO's mandate is developing and functioning of the clustering approach in the seeds/seedling sectors.

Indicator 2.1 *Number of CMOs that are operating in the packaging and seed and seedling sectors, target is 2 (for FAO and UNDP) - was successfully achieved at 100% in 2021. CMO in seeds and saplings sector established.*

The Georgian Seeds and Saplings Association (GEOSSA) was established on 4 January 2021 with the aim of providing support to Georgian nurseries in their production of fruit and grape vine seedlings. As part of its efforts to promote growth and development in the sector, GEOSSA has also been designated as a Cluster Management Organization (CMO) in the fruit sapling industry. Additionally, in alignment with the Georgian government's objective of establishing qualification and certification standards, the Association is assisting its member nurseries in meeting these standards by implementing necessary infrastructure, phytosanitary, and managerial changes within their facilities.

Moreover, GEOSSA has accomplished several noteworthy achievements, such as creating a corporate identity, carrying out awareness-raising initiatives through the production of televised video clips, generating a digital repository of GEOSSA members, providing valuable assistance to the SRCA in digitizing the National Catalogue of varieties, and attaining membership in the International Seed Federation (ISF).



Food and Agriculture
Organization of the
United Nations



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GROUP



Indicator 2.2 *Number of companies who are part of the CMO in the packaging and seeds and seedlings sectors, target is at least 50 for both clusters (for FAO and UNDP) - was achieved at 100%. By the end of 2022, GEOSSA had 24 confirmed members.*

As the CMO in the fruit saplings sector, the Georgian Seeds, and Saplings Association (GEOSSA) has attracted 24 members from various sectors, such as almond, walnut, hazelnut, berry crops, apple, grape, subtropical fruits, and others. The largest seed producers in the region are also members of GEOSSA. These members are spread across different regions of Georgia, including Kakheti, Kvemo Kartli, Shida Kartli, Mtskheta-Mtianeti, Imereti, Samegrelo, Adjara, and Tbilisi. GEOSSA has actively engaged in networking and collaboration with relevant stakeholders in the sector, fostering opportunities for cluster-level cooperation on various aspects.

Indicator 2.3 *Number of inter-firm collaborative initiatives/projects undertaken between the CMOs' members, target is at least 10 for both clusters (for FAO and UNDP) – was achieved at 100%. By the end of 2022, 24 activities were successfully conducted in the seeds and saplings cluster alone.*

The Georgian Seeds and Saplings Association (GEOSSA) has been proactively engaged in identifying stakeholders within the sector, both in the core and extended value chains, establishing connections and developing collaboration on various fronts. As a result, fruitful partnerships have been formed with professional colleges, sectorial associations, and state agencies. However, there is still room for growth and collective efforts in terms of networking.

The Association has successfully carried out several inter-firm collaborative initiatives and projects. Notable examples include joining forces with SRCA on clonal selection of local wine grapes, establishment of formal partnerships with institutions like the Georgian Academy of Agriculture Science and College Iberia, and participation in international networking events such as the International Fair - Growtech. In terms of policy advocacy, GEOSSA has successfully initiated and coordinated changes to Georgian legislation on New Varieties of Animals and Plants, approved by the Parliament of Georgia in June 2022. GEOSSA has also supported gene banks through roundtable sessions and workshops to gather and update information on Georgian gene plasm, contributing to the preservation and accessibility of genetic resources. These initiatives and projects reflect GEOSSA's commitment to teamwork, advocacy, and knowledge sharing within the cluster, contributing to the development and growth of the agricultural sector in Georgia.

Indicator 2.6 *Number of priority needs solved in CMOs, target is 20 for both clusters (for FAO and UNDP) – was achieved at 100%. By the end of the project in 2023, 20 priority needs solved for the seeds and saplings cluster alone, including technical assistance, trainings on critical needs and procurement of production material and equipment.*

FAO has implemented various measures to enhance Georgian nurseries, including providing technical assistance, training, infrastructure support, and access to high-quality, healthy plant propagating and grafting materials. To this end, FAO has leveraged its network of national and



Food and Agriculture
Organization of the
United Nations



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GROUP



international experts and consultants to offer both individual and collective support in key areas like nursery management, propagation techniques, and quality control measures. The assistance has primarily focused on raising awareness about the requirements of the CAC, ensuring access to essential plant materials, delivering technical trainings and transferring technology, as well as conducting needs assessments and offering individual consultations.

During the reporting period, technical support was provided for the establishment of pre-stock and stock-planting material facilities in three regions of Georgia: Kvemo Kartli, Shida Kartli, and Adjara. The aim was to ensure the quality and phytosanitary status of the mother-block and mother rootstock used for propagation. To achieve this, the third lot of basic category vegetative material for almonds and citruses procured from Italy was delivered to Georgia in August 2023. These materials were then distributed to three selected nurseries.

Furthermore, a series of follow-up field visits, evaluations, and individual assessments were conducted in seven nurseries. This collaborative effort involved international consultants, local competent authorities, and FAO technical officers. These visits aimed to monitor the progress and assess the performance of these nurseries in implementing best practices in the production of high-quality planting material.

Indicator 2.7 Seedling Certification System approved and operational – on track, the National Seedling Certification system designed and approved by the Georgian government in 2021 and to enter in force in June 2024.

FAO has been working closely with the Government of Georgia, specifically MEPA, SRCA, and NFA, since 2018 to establish a legal framework for a planting material certification system. However, there have been challenges in transforming nurseries into CAC-compliant ones. Efforts have been made to formalize and assign roles and responsibilities to the competent authorities, but progress has been slower than expected due to difficulties in collaboration among Georgian institutions. Consequently, the finalization of the legislative framework necessary for full implementation of the CAC certification has been delayed.

On 28 September 2021, the Decree of the Government of Georgia №478 on “Qualification requirements for a nursery that produces fruit propagating materials and seedlings” was adopted, however in a reduced version compared to what had been elaborated between 2019 and 2021. The adopted version does not fully consider all necessary requirements for CAC certification, and thus it was felt that further adjustments were needed.

To that end, in 2023 FAO has taken an initiative-taking stance in reaching an agreement on the full and comprehensive requirements for CAC certification. To achieve this, the following activities have been initiated and implemented by FAO:



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Organization of the
United Nations



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- A two-day Workshop on Sapling Certification and CAC Standards⁹ was organized on April 6-7, 2023. All relevant stakeholders participated in this workshop.
- Comprehensive field inspections¹⁰ were conducted to evaluate and assess selected nurseries for compliance with CAC standards. These inspections involved the participation of FAO experts and state certifying agencies.
- A study visits¹¹ to Italy was organized in July 2023, specifically focused on the topic of nursery compliance with certification standards. Representatives from MEPA, SRCA, NFA, and SLA participated in this visit.

Indicator 2.9 *Number of nursery operators registered and selling certified nursery material, target is 25 – was achieved at 96%. By the end of the project in 2023, a total of 24 operators were certified (14 seed & 10 sapling nurseries).*

Through intensive support mechanisms provided by FAO and GEOSSA, such as training, individual coaching and supervision, as well as support with infrastructure and planting materials, several nurseries are making progress towards meeting CAC standards. As part of this process, as of November 2023, 10 nurseries have voluntarily obtained official certification documents from the SRCA, as the issuing authority. These certification documents affirm that the nurseries produce CAC grade saplings that meet the approved standards.

Indicator 2.10 *The creation of multi-stakeholder platform for seeds and seedlings, target is 1 - was achieved at 100% in 2021.*

A multi-stakeholder platform for the seeds and saplings cluster has been established on Viber by GEOSSA. This digital communication platform brings together state, non-governmental, and private sector stakeholders to discuss various topics and issues relevant to the sector. Members of the platform engage in discussions about the procurement of planting materials, different varieties available, information exchange, and sharing updates on recent developments. Additionally, the platform serves as a central hub for sharing news about upcoming events, trainings, and activities happening within the sector. Its aim is to foster collaboration, knowledge sharing, and effective communication among stakeholders in the seeds and saplings cluster.

Output 3 Packaging and seeds/seedlings clusters enhanced through strategic investment (UNDP)

Indicator 3.1 *No of jobs supported/sustained by the EU (UNDP and FAO)
The target is At least 30 for packaging and seeds and seedlings clusters. 76 jobs were created out of which 34 were for women (44.7%) by UNDP.*

⁹ Annex: FAO Detailed Actions Performance 2023 - Workshop on Sapling Certification and CAC Standards

¹⁰ Annex: FAO Detailed Actions Performance 2023 - Field inspections and nursery assessments

¹¹ Annex: FAO Detailed Actions Performance 2023 - Study Visit to Italy



Food and Agriculture
Organization of the
United Nations



UNITED NATIONS
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GROUP



Within the strategic investments for growth cumulatively, 76 jobs were created within the strategic investments in the focus regions, out of which 34 were for women (44.7%).

The UNDP's strategic investment in the PMAG Packaging Cluster has catalyzed substantial growth and sustainability within the packaging sector across the Imereti, Kakheti and Tbilisi (and adjacent area). By implementing a Matching Grant Scheme in within 2022 and 2023, focused on machinery modernization, quality certification, and capacity building, UNDP has directly contributed to enhancing the sector's competitiveness and alignment with international standards.

Indicator 3.2 *No of companies expanded sales at least by 15% (UNDP and FAO)
The target is at least 10 for packaging and seeds and seedlings clusters. Achieved: 25 PMAG
Packaging Cluster member companies have increased sales at least by 15% (UNDP)*

The matching grant program enabled the modernization of 24 companies (8 led by women) in Imereti, Kakheti and Tbilisi and Adjacent Areas, with a total investment of 1,226,778.68 USD. UNDP intervened with a share of the budget in implementing machinery modernization and upgrading projects.

Indicator 3.3 *No of quality schemes adopted by economic operators with EU Support (UNDP and FAO). The target is at least 8 for packaging and seeds and seedlings sector. Achieved: 10
quality schemes supported per company (UNDP).*

Ten quality schemes are adopted in packaging companies through the matching grants scheme. The expanded sales forecast for all beneficiaries in focus regions on average for 2022-2023 was 43.2%. Most companies have a boost in exports and the import substitution potential; Overall, the packaging sector in Georgia witnessed significant growth, with total consumption increasing by 66% from 2018 to 2023, reaching 472.65 million GEL. During this period, local production's share surged to 78%, marking a 113% increase since 2018.

At the Output 3 Level, FAO's mandate is supporting seeds/seedlings clusters enhanced through strategic investment.

Indicator 3.1 *Number of jobs supported/sustained by the EU, target is at least 30 (for FAO and UNDP) - was achieved at 100%. By the end of the project in 2023, a total of 91 jobs were supported.*

To assess the significant impacts of the project in relation to the indicators of Output 3, a qualitative survey was undertaken. The survey involved conducting interviews with the beneficiaries in the three components implemented by the project: nurseries that received various forms of technical support, partner wine producing companies, and FBOs (Food Business Operators) of the Agrarian Markets.

According to the survey findings, both nurseries and wineries did not require supplementary manpower for production. The existing workforce was deemed satisfactory in managing the production process. However, some nurseries mentioned that they hired seasonal labour during the peak season, resulting in approximately 10 additional workers being employed in the nursery industry. Moreover, the introduction of new technologies in certain cases improved production efficiency. As a result, workers needed to exert less effort compared to previous years. This technology-driven efficiency enhancement had a positive impact on overall production outcomes.

In comparison to these findings, the beneficiaries of the "Unique Georgian Taste" agro markets, which include 68 agri-food producers, have seen notable growth in their workforce. Among these beneficiaries, several entities have offered temporary positions, reflecting flexibility in meeting the increased demand during specific periods. In total, 20 FBOs have generated 81 new jobs, with 31 of them being of a temporary nature. Furthermore, two companies have outlined their expansion plans for 2024, with the expectation of creating an additional four jobs. These results highlight the diverse dynamics and workforce needs within the agricultural sector, driven by technological advancements and market demands, while accommodating both short-term and long-term needs.

Indicator 3.2 *Number of companies expanded sales at least by 15%, target is at least 10 (for FAO and UNDP) - was achieved at 100%. By the end of the project in 2023, around 40 companies increased sales by over 15%.*

The survey revealed varying levels of sales expansion among different nursery operators. While some operators experienced minimal growth, others saw gradual increases, and a few even achieved remarkable growth of up to 40%. Importantly, the survey underlined a significant transformation among certain operators who previously relied on importing saplings and selling them locally. After receiving technical assistance and basic materials from FAO, these operators transitioned to grafting and selling their own saplings. This change resulted in lowered production costs and raised profitability. Although reduced government programs for specific crops negatively impacted orchard establishment and hence, sapling sales for certain nurseries, most operators reported that they were able to maintain or exceed their sales quantities due to improved sapling quality and increased competitiveness.

Regarding the participants of the "Unique Georgian Taste" market, a total of 34 producers reported a sales expansion of at least 15%. This resulted in a collective approximate increase of 35% in their incomes. Notably, 11 of these companies saw a surge in income by 50% or more, particularly among small-scale and newly established enterprises. These producers attribute their growth to enhanced visibility and increased publicity and awareness of locally produced niche products through the series of agrarian markets, which in turn stimulated a significant surge in demand for their own goods.

Indicator 3.3 *Number of quality schemes adopted by economic operators with EU support, target is at least 8 (for FAO and UNDP) - was achieved at 100%. By the end of the project in 2023, a total of 17 quality schemes were adopted.*



Food and Agriculture
Organization of the
United Nations



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The survey findings have illustrated that most of the nurseries supported by FAO through the project are making considerable progress in meeting CAC standards and obtaining certification. Specifically, four of them have voluntarily attained certification for specific crops and varieties from the SRCA, serving as the issuing authority.

In addition, eight nurseries have been included in the pre-qualified nursery list by the Rural Development Agency (RDA). Individuals participating in state programs, such as Plant the Future, who wish to engage in agricultural activities involving perennial crops, are encouraged to procure saplings from these qualified nurseries. This not only provides support to the production of locally grown, high quality, and phytosanitary clean planting material, but also enhances the accessibility and appeal of cultivating gardens for interested farmers. As a result, the initiative will stimulate the advancement of the fruit-growing sector in the country, leading to a reduction in reliance on imported products and an increase in export potential.

Several wine producers that participated in the Mating Disruption Programme have taken important steps towards adopting sustainable and environmentally friendly practices. Three companies have successfully adopted the quality scheme of organic certification provided by Caucascert Ltd, a local certifying body. Furthermore, two wineries have received certification from the Natural Wine Association as producers of "natural" wine. Other producers are currently in the process of transitioning to organic certification, a journey that typically spans a few years as they incorporate green agricultural practices into their vineyard management. In parallel, conventional wineries are also advancing towards sustainable production by reducing spraying and prioritizing biodiversity in their vineyards. Overall, the Mating Disruption Programme supports and encourages these transitions by promoting organic pest control methods and aiding in the maintenance of organic certification.

Output 4. Migration is a mainstream component of SME development support.

Although there is no direct diaspora related indicator for this Project Outcome, there is an expectation that diaspora economic forums, engaging diaspora professionals in the clusters' development process and B2B networking, should indirectly influence the Outcome indicators e.g. related to turnover and/or export, that will be measured by the end of the Project.

Indicator 4.1: Diaspora mapping conducted, interests, and priorities for investment identified and presented to the partner agencies for further consideration.

In 2019, IOM Georgia has partnered with the European vendor NamSor SAS¹², operating 'big data' mining software for conducting several types of analysis on personal names. NamSor used the technology of applied onomastics for diaspora mapping and targeted diaspora engagement. Onomastics is a branch of sociolinguistics that can be applied to mine 'big data' and categorize personal names according to various taxonomies (such as gender, linguistic and cultural origin).

¹² Please check the website at: <https://namsor.app/>



Food and Agriculture
Organization of the
United Nations



To reach the objective of the mapping, the demographic information on the Georgian diaspora from large commercial and open-data sources with a focus on business, science, and innovation were searched. As a result of the extensive data mining, in total 94,765 data files were retrieved from the searched five professional, academic, and business web portals (ZoomInfo, ORCID, PUBMED, DOAJ, UK Companies House Register). Remarkably, 58% of data files were filtered, leading to the creation and outreach of individual profiles for 4000 Georgian diaspora professionals. In 2020-22, in a response to IOM's outreach, 572 individuals have expressed a keen interest in cooperation.

Diaspora mapping with an explicit profiling function aimed to understand the composition, geographic distribution and expertise of the diaspora population and construct an offline database of groups of people who can be contacted in the future to support specific economic initiatives. Knowing and understanding transnational communities is crucial. Diaspora qualifications inventory provides gender-disaggregated data. The engagement of diaspora women was actively encouraged.

At the outset of the project during 2020-21, 1000 individuals from the diaspora inventory were reached out to. By December 20, 2021, 287 individuals responded to IOM outreach efforts, expressing interest in collaboration. A bilingual (Georgian-English) online survey was distributed with all those contacted, resulting in 215 completed questionnaires¹³ (with 47% submitted by women, and 187 responses provided in English), which were subsequently analyzed. The survey revealed a significant interest among respondents in conducting business activities in Georgia. This interest encompassed various avenues for engagement, such as forming diaspora partnerships with local enterprises or individuals, participating in startup ventures in Georgia while living abroad, and initiating and overseeing businesses within the country. Additionally, some respondents expressed interest in short-term assignments, both online and in-person, with Georgian organizations and companies.

The diaspora inventory served as the cornerstone for all diaspora-related endeavors within the project. Notably, 158 diaspora profiles from an offline register were shared with project partner UN agencies, including UNDP, FAO, and UNIDO – based on the communicated interests of member businesses within the Packaging, Agriculture (Seeds and seedlings), Pharmaceutical (phages and endemic plants-based medicines) clusters. UNDP selected 41 profiles, FAO selected 6, and UNIDO selected 12, based on the relevance to their respective areas of focus. It is imperative to highlight that the sharing of this information adhered strictly to data protection regulations and principles. Before dissemination, IOM anonymized the data to safeguard identities, and explicit consent from individuals was obtained.

To foster dialogue and collaboration, IOM facilitated a series of 52 online meetings. These meetings brought together partner UN agencies, cluster management organizations, interested

¹³ Annex: Findings from the Diaspora Survey



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Organization of the
United Nations



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member businesses, and selected diaspora members from diverse sectors. Through these interactions, the scope of potential engagement with cluster business development was defined, laying the groundwork for future collaboration and investment opportunities.

Indicator 4.2: *Number of Trained Staff of Central and/or local authorities in mainstreaming migration into local development.*

The Diaspora relations Department at the Ministry of Foreign Affairs of Georgia addressed IOM with the request to provide the training to the diaspora associations located in different EU countries, based on IOM A. MI.CO. (Migrants' Associations for Co-Development) training programme. 14 representatives of the Diaspora Associations from Italy, France, Spain, Greece, Germany, and Estonia, and key staff and Director of the Diaspora Relations Department participated in the training. The primary objective of the training was to empower migrant associations and build the capacity of the profile agency in the government of Georgia in furthering the socio-economic development initiatives by diaspora, both within their host countries and Georgia. Furthermore, the training aimed to equip participants with effective communication strategies and foster partnerships with stakeholders to facilitate the establishment of transnational business networks and collaborations.

Intensive awareness-raising meetings followed by training on Mainstreaming Migration into Local Development (MMLD) with regional and local authorities were conducted in Imereti region between September and November 2019. These sessions saw the participation of over 160 representatives (68 women) from regional and local government agencies. The primary focus of these sessions was to enhance understanding and capacity regarding collaboration with the Georgian diaspora and the benefits of mainstreaming migration into local development (MMLD) strategies, policies and programmes.

As a first result of capacity building efforts of mainstreaming migration into regional and local strategies or plans, migration was introduced into the new municipal economic development plans of Kutaisi, Tkibuli and Telavi, developed through the EU-funded project, Mayors for Economic Growth (M4EG). This was an excellent example of cooperation and complementarity between the two EU-funded initiatives.

IOM has also supported the local authorities in Imereti in 2020-2021 to review the investment opportunities at the municipalities and village level - land, buildings, natural resources in state, municipal and/or private ownership, which could be offered to diaspora as an investment resource. A guiding document was developed by IOM and provided to local government representatives at all levels, to ensure structured data collection on investment resources. The requested information on investment resources was collected from all the Imereti villages by the mayors representatives at all the communities coordinated by the focal point at the Governor's administration in Kutaisi



Food and Agriculture
Organization of the
United Nations



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GROUP



and uploaded on the diaspora web portal¹⁴. This work with the municipalities identified the information gap on the available opportunities for business start-ups and investment at the municipal level, as one of the important impediment in attracting diaspora interest and investments to the local economy.

In February 2020, targeted sessions were conducted with administrative-territorial representatives across eight municipalities in Kakheti. These sessions aimed to raise awareness among local stakeholders about the migrants' manifold potential in local development due to the transnational networks they maintain, through the richness of their experiences and knowledge, as well as through the financial resources they may possess or can mobilize. Moreover, local authorities were requested to collect and provide information on existing investment resources in each village, following IOM guidelines for data structuring. The information from Imereti on land resources for investment was introduced to the participants as an example.

In December 2022, the final round of workshops on mainstreaming migration into local development was conducted in the Kakheti region (Telavi, Kvareli, Lagodekhi and Akhmeta)¹⁵. These workshops targeted the staff of the financial and economic divisions of IOM partner regional and municipal governments. A total of 32 municipal staff members participated, with an encouraging representation of women, constituting 65% of the attendees. These workshops served as crucial platforms for capacity-building and knowledge exchange, equipping participants with the tools and insights necessary to integrate migration considerations into local economic development plans. Following the workshops, follow-up meetings were held with the mayors of four partner municipalities in Kakheti. The collaborative efforts between IOM and local stakeholders in Georgia demonstrated a shared commitment to advancing the mainstreaming of migration into local development strategies. IOM initiated the discussions with the central government on the delegation of functions in migration management to the local government and contributed to the vertical communication between the central and local government on the matter. The discussions between the levels of the government are ongoing on delegation of functions to the local government and ensure the whole of government approach to migration management, including diaspora related issues.

Indicator 4.3: Networking events and/or trade fairs in Georgia and EU

IOM started preparations for the diaspora economic forum, also encouraged by the responses from the diaspora received through the online survey with the expressed interest in doing business or (short) work assignments in the local businesses in Georgia. The communication with the diaspora continued, both with already contacted and with new people from the inventory. Efforts to sustain and deepen this dialogue with the diaspora community have been ongoing. The brief overview of the event's conceptual framework, encompassing a delineation of planned sessions and thematic areas, was shared with all engaged diaspora stakeholders. This served a dual purpose: to gauge

¹⁴ Please see as an example: <http://gda.ge/pages/sofeli-kveda-kinchkha>

¹⁵ Annex: MMLD Workshop Agenda and LoP



Food and Agriculture
Organization of the
United Nations



UNITED NATIONS
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their interest in participating in the forthcoming virtual forum and to maintain their active involvement in the preparatory process. Subsequently, the feedback garnered from the diaspora stakeholders was instrumental in shaping the comprehensive agenda for the forum.

A virtual meeting was convened with several professionals from the diaspora, upon their request. 27 participants expressed dedicated support for the idea of conducting the forum and having such an opportunity to get detailed information on the business support programmes, investment opportunities and access to finance in Georgia. During the session, participants voiced a robust enthusiasm for networking opportunities aimed at facilitating meaningful exchanges and collaborations among Georgian professionals residing abroad. Recognizing the potential for catalyzing greater cohesion and cooperation within the diaspora community, there was a unanimous consensus on the need for structured platforms to facilitate ongoing engagement.

For event planning purposes, IOM convened a series of three consecutive discussion sessions on August 18, 2020¹⁶. These sessions served as a dynamic platform for engaging a diverse array of stakeholders, including key agencies within the Georgian Government, partner UN agencies, various international organizations, as well as banking and microfinance institutions. The overarching aim of these workshops encompassed three pivotal objectives: a) provide comprehensive insights into the extensive diaspora mapping endeavors undertaken through international web portals, and regularly updated inventory containing professional profiles of individual diaspora members; b) acquaint with the intellectual and business capacities the profiled diaspora possesses and c) explain to the participants that Georgians residing abroad could effectively leverage state and non-state Micro, Small, and Medium-sized Enterprise (MSME) support programs for sustainable business development.

The flagship Diaspora Economic Forum, hosted by IOM Georgia on February 27, 2021, and bringing together 189 participants (109 diaspora members), marked a significant milestone in engaging an extensive network of diaspora professionals and businesspersons¹⁷. The event aimed to equip attendees with comprehensive insights into accessing financing for businesses, support programs for micro, small, and medium enterprises (MSMEs), investment opportunities, and more. To enhance the dissemination of crucial information, participating Georgian government agencies (Enterprise Georgia, RDA, GITA, others) developed bilingual presentation materials. These materials provided comprehensive details on various aspects, including geographical coverage, program durations, accessibility options, eligibility criteria, and other pertinent information. Following their development, all presentations have been diligently uploaded onto the diaspora web portal, ensuring easy access for interested individuals to explore and benefit from these valuable resources.

¹⁶ Annex: Coordination Meeting LoP

¹⁷ Annex: Diaspora Economic Forum Agenda and LoP



Food and Agriculture
Organization of the
United Nations



Following the event, IOM conducted an online survey¹⁸ among participants to gather insights into their ongoing interests. The survey aimed to understand the professional and business interests of the diaspora members who participated in the forum (totaling 109 individuals), to foster cooperation. A total of 34 comprehensive responses were analyzed, leading to the development of a report with a subsequent action plan. The survey findings revealed that 44% of respondents showed interest in identifying partners, while 56% expressed the need for legislative and regulatory guidance for business start-ups and investments. Additionally, 50% of those surveyed respondents expressed interest in consultancy work, whether remotely or through temporary assignments. The potential areas of cooperation identified were diverse, including tourism (19%), agriculture (17%), education (13%), ICT (13%), processing industry (11%), health (6%), and other fields (13%). Upon closer examination of the survey responses, it became evident that there was a significant demand for support in comprehending current legislation, tax policies, and regulatory frameworks. The respondents were invited to online meetings to further elaborate on the provided information. A total of 17 such meetings were conducted. This additional insight was utilized to refine preparations for the second forum.

Following the substantial interest generated by the initial forum, IOM, in close collaboration with the Diaspora Relations Department of the Ministry of Foreign Affairs and the Administration of the President of Georgia, organized a second forum on 10-12 December 2021, leveraging both online and hybrid formats. The event hosted diaspora representatives along with their professional and business partners. The forum served as a platform for fostering B2B connections between foreign buyers and Georgian producers, with a notable contribution from the Georgian diaspora. Discussions centered around concrete collaboration frameworks aimed at exporting Georgian products, particularly packaging materials, food, and beverages, to markets in Canada, Germany, and Spain. Moreover, the forum facilitated a series of pre-arranged B2B networking sessions and site visits to food and beverage producers (from PMAG Cluster) in Kakheti and Shida Kartli regions of Georgia¹⁹.

The collaboration between Enterprise Georgia, UNDP, and IOM culminated in the robust representation of Georgian businesses from the Packaging Cluster at the international trade fair, Fachpack, held in Nuremberg from September 27th to 29th, 2022. The organizational support was provided by the Georgian diaspora organization in Germany. During the exhibition, the diaspora representative initiated over 30 networking meetings between the exhibited Georgian businesses and initially identified German and other foreign businesses. A total of six packaging businesses were featured prominently through exhibition stands, while an additional 24 businesses actively participated in the event, seizing the opportunity to engage with an international audience and explore avenues for expansion and collaboration. Leveraging the occasion, IOM organized a networking event on September 27th, facilitating connections between the diaspora from Germany and the diverse array of Georgian businesses highlighted at the event. 13 diaspora members and 20 businesses contributed to the dynamic exchange of ideas and opportunities. The networking

¹⁸ Annex: Diaspora Survey Analysis and Plan of Action

¹⁹ Annex: Diaspora Business Networking Event Agenda and Annex VII Diaspora Business Networking Event LoP



Food and Agriculture
Organization of the
United Nations



event fostered meaningful interactions among a diverse spectrum of stakeholders, including diaspora representatives (transport and logistics experts), dairy product producers, potential buyers, and Georgian packaging sector businesses. Participants were allowed to forge valuable partnerships, delve into mutually beneficial ventures, and cultivate enduring and prosperous business relationships that transcend geographical boundaries²⁰.

IOM supported the Tbilisi City Hall in organizing the 12th Local Economic Development Forum²¹ (LEDF), on November 1-2, 2022, dedicated to sustainable economic recovery. Diaspora professionals from London and Freiburg were invited by IOM and Tbilisi City Hall to present and share UK and German experiences at the panels on Green Economy and Investment in Business-Friendly Cities. Their presentations were highly appraised by fellow panelists and the attending audience and contact with them continued by the representatives of the respective units of the Tbilisi City Municipality after the LEDF. Within the framework of the forum, the migration panel was hosted by IOM, where the economic impact of migration - migrant remittances and diaspora capital were discussed. Invited Georgian diaspora took part in this event. The panel also provided an opportunity to review migration in connection with the local development agenda of the Tbilisi Municipality.

Indicator 4.4: *Number of qualified diaspora assignments for CMOs and/or companies capacity building purposes*

A total of six diaspora assignments were successfully facilitated with UNDP, FAO and UNIDO. These assignments not only provided valuable opportunities for diaspora professionals to contribute their expertise but also strengthened collaborative ties between these organizations and the diaspora community, fostering impactful partnerships for sustainable development initiatives.

2.3. Delays in implementation, challenges, lessons learned & best practices

2.3.1 Delays:

The Joint Programme has undergone significant challenges due to the COVID-19 pandemic and Russia's war against Ukraine. The war and pandemic period restrictions over transportation and logistics, as well as international and local travels, caused significant delays which were addressed by the revisions of the work plans the Joint Programme document causing 2 rounds of no cost extensions:

1. In 2023, UNIDO had to postpone some of its project activities due to the delays in the transfer of the tranche of the project budget, which pushed some activities towards the end of 2023. UNIDO could not take any contractual and budget-related commitments due to the exhaustion

²⁰ Annex: Diaspora - MSME Networking Event Agenda & LoP

²¹ Annex: IX: LEDF Agenda



Food and Agriculture
Organization of the
United Nations



UNITED NATIONS
SUSTAINABLE
DEVELOPMENT
GROUP



of its budget, which created a gap period during the last two months of the summer of 2023 before UNIDO could fully resume its interventions after the transfer of the third tranche. The uncertainty about the project extension and budget replenishment made it difficult to initiate procurement processes until the final decisions were made and the extension was confirmed. The final tranche was fully reflected in the UNIDO budget by the end of September 2023, after which signing contracts and making budgetary commitments became possible. This meant that some of the activities, such as the conference Biopharma 2023 Georgia, the development of the e-learning platform, video production and the digital promotion, which had initially been planned for and before Summer, had to be pushed towards October, November, and December of 2023. UNIDO team proceeded with implementation as soon as the contracts with vendors were signed and, in the end, all project activities were fully implemented on time.

2. The legislative framework necessary to fully implement the CAC certification is facing delays, delayed the implementation of FAO component. The initial Decree №478, which outlined qualification requirements for nurseries producing fruit propagating materials and seedlings, did not fully address the requirements for CAC certification. Therefore, new amendments are currently being finalized to address these gaps. Additionally, the approval of the subsequent amendments to Decrees №40 and №591 is also urgently needed to meet the complete legal requirements for CAC certification.
3. The Ukraine-Russia war and resulting political instability in the region and the country have disrupted the value chain's logistical processes and money transactions. Transportation systems have become more expensive, impeding export processes for private sector companies. Furthermore, access to the European market has become more difficult for Georgia and other Asian countries, leading to an overload of Georgia's logistical potential as Asian countries attempt to access Europe through its channels, delaying several of UNDP activities. As an example, UNDP had to extend the duration of the components related to Output 3 (Strategic Investments). To address this challenge UNDP has concentrated more efforts on the capacity development of the applicants to the grants schemes under the mentioned component delivering business model generation training and individual coaching for the businesses in Kakheti, Imereti, and Tbilisi.
4. National legislation for EPR for packaging waste has not been approved during the implementation period, while the assumptions for the following description are based on the most recent draft provided by the Ministry of Environmental Protection and Agriculture, which is the author and initiator of the EPR legislation in Georgia. Development of the Extended Producer Responsibility-related legislation is ongoing in Georgia. In the absence of a national regulatory framework for packaging waste, UNDP has focused on raising awareness of the largest producers (such as soft drink producers), and the formation of formalized partnerships among the Kakheti and Imereti regions' municipalities, packaging clusters, PRO Georgian Plus and the World Packaging Association. These activities will ensure the maximization of the readiness of the packaging value chain actors for contributing and acting to the EPR system when it is introduced in full scale.
5. The planned survey of the Georgian Diaspora in four selected European countries faced significant delays in implementation, primarily due to the unforeseen impact of COVID-19-



Food and Agriculture
Organization of the
United Nations



UNITED NATIONS
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GROUP



induced travel restrictions. However, leveraging the opportunities presented by the online communication platforms, IOM was able to reach out to members of the diaspora across the world without being confined by geographical limitations. This approach facilitated engagement with a significantly larger number of individuals than originally anticipated through physical surveys. Despite the delays and challenges, the survey yielded invaluable insights that greatly enhanced the planning process for the inaugural diaspora economic forum.

6. Similarly, the diaspora economic forum itself encountered delays in its implementation, as the ongoing COVID-19 restrictions prevented the possibility of holding the event in person. In response to these circumstances, the forum was transitioned to an online format. While this adaptation allowed for the continuation of the planned activities, it also necessitated adjustments to the original agenda and logistical arrangements. Despite these setbacks, the online forum served as a platform for meaningful dialogue and collaboration, albeit in a virtual setting, thereby ensuring that the objectives of engaging the diaspora community and fostering economic development were still pursued.

2.3.2 Lessons learned:

- Reconciling project interests with the representatives of the Georgian Biopharmaceutical Cluster proved challenging, due to the few available members and fierce competition in the cluster, which made it difficult to reach a consensus regarding the structure and management of the cluster. To avoid the concentration of power and influence with dominant players in the cluster it is important to encourage the Board of the Georgian Biopharmaceutical Cluster to bring in more potential members to give the cluster better representation. At the same time, it is important not to undermine the sustainability and continuity of the cluster by creating the grounds for possible conflicts of interest between members by over-expanding the membership beyond those, which meet membership criteria laid out in the Charter. To increase the sense of ownership and achieve mutual agreement, it is important to involve all members of the cluster and co-founders in the process of creation of the cluster, and corporate identity, and in drafting a workplan regarding cluster support activities. All cluster members and co-founders should be aware of the UNIDO cluster approach, and its requirements vis-à-vis openness, inclusiveness and representativeness of Cluster Management Organizations.

The case of the Georgian Marine Fishing Cluster shows that it is important to take a bottom-up approach by working directly with cluster members and considering their needs. With the support of UNIDO, the Georgian Marine Fishing Cluster managed to identify strategically critical issues that the members are concerned with the most. Working directly with cluster members made it possible to take targeted actions with minimal financial contribution from UNIDO, while also representing member needs and concerns before national and international counterparts in a way that suits the interests of the cluster the most and earning the trust of the members.

- One of the major challenges faced during the implementation of the sapling certification system in Georgia was the delay in finalizing the legislative framework, which fell behind the initial expectations due to a slower-than-expected pace of collaboration among the different Georgian



Food and Agriculture
Organization of the
United Nations



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institutions, NFA, SRCA, and MEPA, causing a setback in providing full coverage to the CAC certification. Nevertheless, these challenges have yielded important lessons that highlight the significance of effective collaboration among institutions, the need for comprehensive legislative frameworks, and the value of robust capacity-building efforts. Clear communication channels and efficient coordination are crucial to minimize delays and streamline decision-making processes. The experience of the delayed collaboration will guide future efforts in building strong partnerships that can work together more effectively, resulting in more efficient and conducive implementation of certification systems in Georgia.

- **Trust building and expectations.** In 2022, the PMAG cluster initiative saw an increase in member companies' confidence and experience in collaborative efforts, resulting in the cultivation of mutual trust and respect among participants. Seasoned cluster participants facilitated the integration of newcomers, fostering a culture of openness and cooperation among competitors. Through shared workshops and experience-sharing opportunities, export-orientation activities led to tangible outcomes and an increased proficiency in navigating inter-organizational relationships within the cluster environment. The UNDP's promotion of gender equality further strengthened bonds of trust and camaraderie among member companies, resulting in an increased desire to contribute to Georgia's socio-economic development.
- **Emerging subgroups.** The establishment and maintenance of a cluster is an ongoing process that requires a sustained focus on trust-building and collaboration among participating companies, not only in Tbilisi but also in other regions. The pandemic-induced restrictions on in-person interactions have posed a challenge for cluster members, both new and old, resulting in the emergence of subgroups within the larger cluster. This situation has been further compounded by the diverse size and developmental stages of the packaging companies that comprise the cluster, necessitating a proactive approach to trust-building and management by cluster leaders. However, in the course of 2022, these subgroups - including export-oriented companies - have demonstrated a higher level of cooperation and experience sharing, indicating that such subdivisions can yield positive outcomes for the PMAG cluster.
- **Internalization:** For the first time in Georgia, the packaging cluster has ventured into the international arena, supported by the combined efforts of the UNDP and PMAG initiatives. The inception of this progressive and transformative development was made possible by the indispensable intervention of Enterprise Georgia and IOM. Prior to this remarkable milestone, the packaging sector had not been accorded due attention nor received active support from the state and was perceived as an insignificant player in the larger economic landscape. However, through the strategic intervention of the UNDP and the clustering approach, the packaging sector has emerged and captured the attention of the state, which has now opened the doors to Georgia's global participation and recognized the sector's inherent potential for international trade. All these are laying grounds for more active involvement of the state institutions in the development of the sector. The success cases of the packaging companies were a base for building trust within other packaging companies, discovering channels for implementing innovations and respond the demand respectively, explore their competitive advantages.
- The Georgian diaspora is not homogeneous; it encompasses individuals with a wide range of qualifications, expertise, and experiences spanning across various sectors and industries.



Understanding this diversity is crucial for identifying areas where diaspora members can make meaningful contributions to the development of Georgia.

- Through the intensified outreach to the professional diaspora, it became clear from the response rate, that, the more the outreach to diaspora professionals is targeted based on their qualifications and experience and its relevance to the concrete needs or requirements of the cluster businesses, the higher is the positive response rate with expression of interest and engagement of the diaspora. Effective communication channels and structured information dissemination are pivotal in bridging the diaspora's expertise with the needs. Clarity and accessibility in conveying opportunities streamline engagement.
- Despite the potential of the Georgian diaspora, communication gaps persist between diaspora members and key stakeholders in Georgia, including the private sector, local communities, and government agencies. These gaps hinder effective collaboration and limit the utilization of diaspora resources for national development. In today's interconnected world, diaspora communities play a crucial role in global connectivity and cultural exchange. Leveraging technology to strengthen these connections has become paramount, with diaspora portal emerging as invaluable tools.
- The pandemic highlighted the importance of flexibility and adaptability. Being able to swiftly adjust plans, such as transitioning from physical surveys to online methods and restructuring in-person meetings to virtual forums, proved crucial in navigating unforeseen challenges. The experience demonstrated that online platforms could provide enhanced outreach opportunities. The engagement with the diaspora across Europe and beyond exceeded expectations, signaling that virtual methods can sometimes be more effective and inclusive than traditional approaches.

2.3.3 Challenges:

1. The challenge remains for the Georgian Seeds and Saplings Association (GEOSSA) to ensure its long-term sustainability by filling financial gaps for operational expenses and finding independent sources of finance to support the Association's work beyond the conclusion of the FAO program. Providing value-adding services is essential for retaining and attracting members and expanding its reach. GEOSSA's success will depend on its ability to generate revenue independently, offer valuable support to members, and effectively collaborate with key stakeholders to address the difficulties in the agricultural sector. By tackling these challenges strategically and proactively overall, GEOSSA can secure a sustainable and successful future for its members, while also making a meaningful impact in the agricultural community.
2. EPR system introduction remains a challenge, as the national regulation and legislation framework formation did not progress in 2022, and the national consensus on EPR-related regulations has not been achieved yet. Even though the exact deadlines for implementing EPR regulations packaging components are unknown, the largest producers (such as soft drinks producers) have registered the PRO organization but have not been authorized by the regulator in the absence of such regulations.



Food and Agriculture
Organization of the
United Nations



3. The disrupted logistical processes and money transactions pose significant challenges for private sector companies operating in the value chain. Expensive transportation systems have hindered the export processes for these companies, and accessing the European market has become more difficult for Georgia and other Asian countries. As a result, Georgia's logistical potential has become overloaded as Asian countries attempt to access Europe through its channels. Furthermore, international markets are facing spikes in commodity prices due to rising energy costs, but Georgia's relatively stable pricing system, being in the region of Azerbaijan, an energy-exporting country, has provided more stability in this regard. As the packaging sector is heavily dependent on imported production material all the above-mentioned was a considerable challenge for them.
4. Sustainability of the packaging cluster, filling financial gaps of operational expenses and delivering services, as well as the cluster members' readiness to comply to the EU regulations remains a challenge.
5. The COVID-19 pandemic made things quite complicated and that was quite unexpected. Lockdowns and travel restrictions affected the project's timeline and created uncertainties, particularly in terms of physical presence and events. This hindered the ability to foster collaboration and exchange among diaspora professionals and businesses in a traditional manner. With in-person events limited, there was a need to adapt quickly to virtual platforms to continue engagement efforts. While online meetings and forums were organized, the transition posed challenges in terms of ensuring equal participation, maintaining audience engagement, and effectively conveying information compared to face-to-face interactions.

3. Qualitative assessment

The achieved results were possible through effective partnerships established by the UN agencies with the Government agencies and the public sector. The inter-UN agencies' cooperation have increased the effectiveness and impact of the results. Below are agencies' specific cooperations and partnerships.

The activities of FAO were planned and implemented with close collaboration with relevant government and non-government stakeholders:

- State Institutions: MEPA, SRCA, NFA, SLA
- Other stakeholders: UNDP, IOM, UNIDO, RDA, GEOSSA, sectorial associations
- Private Sector:
 - ✓ Nurseries – members of the Georgian Seeds and Saplings Association (GEOSSA).
 - ✓ Fruit producers: orchard owners/managers – apples, peaches, apricots, olives, nuts, berries (raspberry, blackberry, blueberry).
 - ✓ Wineries and grape producers (small/medium and large).
 - ✓ Producers of niche products (Gis, terroir products and endemic varieties) – Georgian cheese, meat products, wine, honey, jams, tea, handmade sweets



The activities of UNDP were planned and implemented with relevant government and non-government stakeholders and USAID:

- The project continued partnerships with local and regional authorities of the Imereti and Kakheti regions; MEPA and its Agriculture and Rural Development Agency; Enterprise Georgia.
- UNDP actively cooperated with FAO, within the nursery and PMAG cluster practices rapprochement.
- UNDP actively cooperated and supported IOM for involvement in diaspora activities.
- Cooperation with PRO Georgia Plus was established to promote awareness in plastics pollution and EPR.
- International partnerships: UNDP has supported to membership of the packaging cluster in the World Packaging Organisation which delivered several trainings to the cluster member companies.
- Coalition of Kakheti and Imereti municipalities, packaging cluster, PRO Georgia Plus, and the World Packaging Organisation.
- Cooperation with USAID project Economic Security in Georgia in sharing the experience of performing the waste management practices' assessment in the tourism sector where UNDP has implemented it in Kakheti and Imereti and USAID in Ajara and Tbilisi.

4. Women's Economic Empowerment.

The Joint programme has contributed to women economic empowerment targeting them by active outreach, identification of the women led businesses' needs, engaging women led businesses in the supporting activities: strategic investments, B3B activities, employment support, trainings, and other skills development activities.

As a result, UNIDO has ensured effective participation of women in the supporting activities. As one of the examples, 13 women (43%), from 10 organizations were trained on clusters with a focus on diagnostics and action planning for cluster sustainability (*MoESD, Enterprise Georgia, MEPA, RDA, Scientific-Research Center of Agriculture, UNDP, FAO, Packaging Association, PMCG Research, TBSC Consulting*).

UNDP's supported activities resulted in high women led businesses participation: 40% (31 companies) women led businesses among the PMAG Packaging Cluster member companies (out of total 74 companies).

UNDP has implemented the strategic investments through a matching grants scheme supporting 8 women led companies (out 24) in the packaging value chain, selected through a contest. This was achieved by targeted support through business coaching to the women led companies.



Food and Agriculture
Organization of the
United Nations



Women benefitted from the job's creation mechanism of UNDP within the cluster supporting mechanisms: 54 women were employed on new long-term jobs (out of 62 supported by UNDP).

As another example, FAO has implemented the system of agricultural fairs for farmers producing niche products: Unique Georgian Taste. This activity helped women farmers to enter the HoReCa and retail sectors. There was a notable increase in the number of participating farmers, with over 60% of them being women producers. The markets generated over 335,000 GEL in sales, further contributing to the success of this initiative.

Special attention was given by UNDP to the inclusion of women through the Women's Business Empowerment Project aiming to promote economic growth and development in the Imereti region by empowering female entrepreneurs and engaging youth in business activities. This initiative provided 20 female entrepreneurs and 25 youth with the skills and knowledge they need to succeed in business through education, mentorship, and consulting services. By connecting these individuals' experiences and expertise with the resources of the local community, this project will create long-term positive change in the Imereti region.

IOM has ensured effective women outreach in diaspora mapping, as an example a bilingual (Georgian-English) online survey was distributed with all those contacted, resulting in 215 completed questionnaires (with 47% submitted by women). Intensive awareness-raising meetings followed by trainings on Mainstreaming Migration into local Development (MMLD) with regional and local authorities were conducted in Imereti region with high women participation: the participation of over 160 representatives (68 women, 43%) from regional and local government agencies. The final round of workshops on mainstreaming migration into local development was conducted in the Kakheti region (Telavi, Kvareli, Lagodekhi and Akhmeta). These workshops targeted the staff of the financial and economic divisions of IOM partner regional and municipal governments. A total of 32 municipal staff members participated, with an encouraging representation of women, constituting with 21 women participants (65%) of the attendees. These workshops served as crucial platforms for capacity-building and knowledge exchange, equipping participants with the tools and insights necessary to integrate migration considerations into local economic development plans.

5. Inter UN Agency cooperation in achieving the JP results

Below are the notable cases of **UN agencies cooperation**, contributing to the developing and application of the diaspora engagement tools:

IOM and FAO. ICT Expert Support

An ICT expert from the diaspora provided invaluable support to the Scientific Research Centre of Agriculture (SRCA) in Georgia in the development of an online database for national seeds and planting materials. Additionally, he facilitated the creation of a comprehensive registry encompassing nurseries and seed producers operating in Georgia and registered with the SRCA.

This involvement extended beyond mere technical implementation, encompassing strategic planning and foresight to ensure the database's effectiveness and long-term sustainability²².

IOM and UNDP

Support in attracting the German Investments and Assist the Georgian Companies in Business Development Processes

In collaboration with UNDP, IOM developed a comprehensive scope of work with DG Consult GmbH, a diaspora-established Georgian-German consulting agency. DG Consult supported the participation of the PMAG Cluster in the trade fair on packaging, processing and technology (FACHPACK). The three-day event was attended by 788 exhibitors and around 24,000 trade visitors in Nuremberg on September 28-30, 2021. Before the event, the consultant conducted an exhibitor survey, identified over 350 German companies of interest to MPAG and for targeted outreach, developed the list of exhibitors from all packaging-intensive sectors (food/beverages, non-food, automotive and other goods). Within the fair a total of 200 company stands had been visited and discussions with businesses on potential cooperation opportunities had been initiated. To support the packaging cluster to improve the manufacturing capacity, the consultant identified the German companies in the machines and processes sector and developed the list of secondary packaging equipment (machinery for paper, cardboard, plastic) suppliers²³.

IOM and UNIDO

Diaspora-Led Capacity Building

Another assignment was facilitated by IOM and UNIDO to support the newly created Georgian Pharmaceutical Cluster, which unites the manufacturers of bacteriophages and herbal pharmaceuticals. Three rounds of training in sterile manufacturing were conducted by the professional diaspora from the pharmaceutical company in Germany, for the members of the Cluster businesses, to increase their capacity in complying with GMP standards. A total of 40 individuals, of whom 29 were women and 11 men, attended the training on 22 October 2022; 35 participants (32 women, 3 men) attended the training on 5 November 2022 and 29 (26 women, 3 men) - on 19 November 2022²⁴.

Diaspora-Led Expansion: Access to German Market

Diaspora-established Georgian-German consulting agency, DG Consult once again played a pivotal role in supporting the participation of the Georgian Packaging Cluster in FACHPACK 2022, a trade fair focusing on packaging, processing, and technology. This involvement provided Georgian companies with a platform to highlight and demonstrate their products, examine recent market trends, and meet with potential partners. With the assistance of DG Consult, these

²² Annex: Diaspora Assignment I - Report

²³ Annex: Diaspora Assignment II - Report

²⁴ Annex: Diaspora Assignment III - Report

companies successfully reached their key target groups, attracted visitors, initiated contacts, and fostered new business relationships. Overall, the collaboration between UNDP, IOM, and DG Consult proved to be instrumental in strengthening Georgian-German business relations. The active participation of Georgian companies in FACHPACK 2022 facilitated increased market presence, expanded networks, and laid the groundwork for future collaborations and trade opportunities²⁵.

Collaboration between UNDP and IOM

Diaspora-Led Expansion: Access to Spanish Market

The mission to enhance the presence of Georgian businesses in the Spanish market was spearheaded by a member of the Georgian diaspora residing in Spain. The objective was to extend support to small and medium-sized enterprises (SMEs) in Georgia, particularly those affiliated with the Packaging Cluster, in their efforts to penetrate the Spanish market. Through collaborative efforts and strategic alliances, the endeavor yielded meaningful results. As a result of this cooperative effort, nine companies, offering a diverse range of products (up to 9 000 units) such as hand-crafted spirits, wines, juices, dry fruits, and distillates, have successfully introduced their goods into local restaurants and markets across Spain.

Moreover, this fruitful engagement has paved the way for potential commercial partnerships and culminated in the establishment of the "Georgian Corner" in the heart of Madrid, Spain. This innovative space combines a warehouse, store, restaurant bar, and product exhibition center, highlighting Georgian culture and commerce. It promotes international business relationships, strengthens economic ties, expands Georgian products in Europe, and facilitates cross-cultural exchange²⁶.

Collaboration between UNDP and IOM

Diaspora-Led Capacity Building

Jointly with UNDP, IOM has facilitated another assignment to support the capacity building of the members of the Packaging Materials Cluster of Georgia (PMAG). The workshop on Design Thinking, which was held on January 21, 2023, hosted 20 participants (12 women, 8 men). Design Thinking, which is a problem-solving approach, is often used to develop new products, services, or processes, and can also be applied to a wide range of challenges. The workshop consisted of 3 sessions aimed at increasing the capacity of local businesses on the design thinking process and mindset, including the key principles and values of design thinking and its adaptation to their own business processes. During the workshop, businesses could generate and brainstorm potential solutions to their design challenge using a variety of ideation techniques, reflect on their design

²⁵ Annex: Diaspora Assignment IV - Report

²⁶ Annex: Diaspora Assignment V - Report

thinking experience and discuss ways to apply design thinking in their personal and professional lives²⁷.

5 Sustainability of the Joint Programme Results

The partner UN agencies have applied different instruments for ensuring sustainability of the results, applying co-creation mechanisms with private sector, needs assessments, involvement of the actors in decision making, development of digital tools, clusters development strategies and exit strategies elaboration, support to financial sustainability of the CMOs, needs assessments, skills development and others.

Cluster Development Strategy documents were elaborated by UNIDO for the Georgian Marine Fishing and Georgian Biopharmaceutical Clusters. The cluster development strategies lay out a clear 5-year path to sustainable and inclusive development for the two clusters, with the focus on economic development, social inclusiveness, and environmental responsibility. The papers present the analysis of the current situation in both clusters, exploring the main problems and challenges, and ways in which these challenges can be addressed, providing the best solutions towards better sustainability and inclusiveness for all MSMEs in the clusters.

The sustainability of the PMAG Packaging Cluster post-UNDP intervention is rooted in strategic planning and member engagement, with commitment to continuity and support, financial contribution, cooperation for market positioning, access to finance, internationalisation, and others. The financial self-sufficiency ensures the cluster's operations. The ongoing collaboration between WPO and PMAG, planned beyond UNDP's involvement, underscores a commitment to sustainable partnership, with UNDP's initial support facilitating PMAG's self-reliant progress and global integration. The UNDP's supported exit strategy includes recommendations for sustainability, such as annual needs analyses and a transparent business model balancing member fees and commercial activities.

Overall, FAO's activities played a crucial role in supporting the sustainability of Georgia's agriculture industry, FROM SAPLING TO MARKET, ensuring its long-term success. Initiatives, such as the establishment of a National Sapling Certification System, capacity development for certification authorities and nurseries, training programs for crop and wine producers, the implementation of the Mating Disruption Programme, and support for the "Unique Georgian Taste" farmers' markets demonstrate a strong commitment to sustainability.

IOM has extensively used digital platform for diaspora mapping and engagement ensuring the widest possible availability of the data for the users.

²⁷ Annex: Diaspora Assignment VI - LoP



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The JPs activities have resulted in inclusion of the developed clusters in the state support programmes of Enterprise Georgia ensuring long-term state support for internationalisation and other benefits.

ii) Indicator Based Performance Assessment:

	<u>Achieved</u> Indicator Targets	Reasons for Variance with Planned Target (if any)	Source of Verification
Outcome 1 Enhance entrepreneurship and business sophistication by strengthening the capacities of government and local entities to develop and operate clusters and supporting companies directly with strategic investments while also demonstrating the effectiveness of these strategies to businesses. Indicators: 1. # of identified potential clusters Baseline: 0 Planned Target: 10 2. Growth rate of selected clusters' members' turnover Baseline: 2018 output data Planned Target: 20% growth. 3. Balance of trade in selected sectors Baseline: 2018 sector balance of trade Planned Target: 10% improvement (higher exports or lower imports)	Indicators: 1. 57 emerging and potential clusters 2. 125% growth of turnover of the cluster member companies 3. 100% improvement of trade balance in paper packaging and 21% deterioration of trade balance is plastics. In paper packaging the trade balance is - 0.02 mln USD in 2023 (-18 mln in 2018) due to 122 time increase in export. In 2023 the trade balance on plastics packaging was -32.8 mln USD (-27.13 USD in 2018). Export of plastics packaging increased 1.6 times while import only 1.3 times in -2018-2023.		Project Report 2. UNDP: "Packaging Sector Study Report 2022" (Survey of companies and GeoStat) 3. GeoStat trade statistics-based calculations

	<u>Achieved</u> Indicator Targets	Reasons for Variance with Planned Target (if any)	Source of Verification
Indicator 1.1 Cluster mapping undertaken based on prioritization criteria set with local counterparts. Baseline: 0 Planned Target: 1 (Achieved 100%)	1.1. First of its kind comprehensive mapping of 57 manufacturing and agri-business clusters in Georgia (UNIDO)		Report “Mapping Emerging and Potential Manufacturing and Agri-Business Clusters in Georgia” “Press clips. Conference reports
Indicator 1.2 No of emerging and/or potential clusters detailed diagnostic studies by the programme. Baseline: 0 Planned Target: 8	1.2. First-of-its-kind 9 cluster diagnostic studies conducted (UNIDO)	UNIDO has conducted an additional cluster diagnostic study for the greenhouse in the Imereti region upon request from MEPA	Cluster Diagnostic Studies Project reports
Indicator 1.3 No of institutions and people trained on cluster mapping and diagnostic (% of women) Baseline: N/A Planned Target: 5 institutions; 30 people (male/female – TBI) (Achieved 50%)	1.3. 30 persons, including 13 women (43%), from 10 organizations were trained on clusters with a focus on diagnostics and action planning for cluster sustainability (<i>MoESD, Enterprise Georgia, MEPA, RDA, Scientific-Research Center of Agriculture, UNDP, FAO, Packaging Association, PMCG Research, TBSC Consulting</i>). UNIDO	N/A	Training Report Project reports
Indicator 1.4 # of cluster activities realized in pilot clusters identified through the diagnostic. Baseline: 0 Planned Target: 2	1.4. 7 types of cluster collective activities. The cluster activities are: 1. Incorporation of the two clusters 2. Development of corporate identities, digital presence, website, social media, and digital promotion 3. GMP trainings and coaching 4. e-Marketing trainings and coaching	UNIDO proceeded with implementing cluster collective activities based on the needs identified from the diagnostic studies and from direct engagement with cluster representatives.	Project reports Press clips and pictures. Attendance sheets and feedback from beneficiaries Research report.

	<u>Achieved</u> Indicator Targets	Reasons for Variance with Planned Target (if any)	Source of Verification
	5. Public-private dialogue to serve the needs of the Georgian Marine Fishing Cluster (UNIDO) 6. Development of Cluster Strategy Documents 7. Two conferences		
Output 2 Development and functioning of the clustering approach in the packaging and seeds/seedling (UNDP Georgia and FAO) Indicator 2.1 Number of CMOs that are operating in the packaging and seed and seedling sectors. Baseline:0 Planned Target :2 (in total for UNDP and FAO)	2.1. 2 CMOs: one in the packaging sector (with 3 representations in the Imereti, Kakheti and Tbilisi Regions), UNDP. The other CMO for seeds and saplings sector has been created and is actively operating, FAO.	N/A	FAO: Registration of the Association on 4 January 2021 as a Non-commercial legal entity in the public service hall and an extract from the registry. UNDP: Project Report and Cluster member web page: http://pmag.ge/en/13-memberscat
Indicator 2.2 No of companies who are part of the CMOs in the packaging and seed and seedlings sector. Baseline:0 Planned Target: At least 50 (in total for UNDP and FAO) (at least 10 % women-led)	2.2. The PMAG Packaging Cluster has 74 members from the packaging sector - 27 full and 40 associate members). Additionally, the cluster has 11 free/honorary members. Women manage 39.7% (31 companies: 11 full members, 16 – associated members and 4 – honorary ones) of member companies or are co-managed by women at a cluster member companies' level. As for the pending 3 companies, 1 potentially full member and 1 potentially	N/A	UNDP: Project Report and Cluster member web page: http://pmag.ge/en/13-memberscat FAO: GEOSSA database

	<u>Achieved</u> Indicator Targets	Reasons for Variance with Planned Target (if any)	Source of Verification
	associated member are fully managed by women. UNDP Number of nurseries members of the Georgian Seeds and Saplings Association (GEOSSA): 24 confirmed members, among them two are women lead. (FAO)		
Indicator 2.3 No of inter-firm collaborative initiatives/projects undertaken between the CMOs' members. Baseline:0 Planned Target: At least 10 – for reporting period - (in total for UNDP and FAO)	2.3. Six activities supported in the packaging cluster. UNDP 24 cluster activities successfully conducted in support of GEOSSA members and seed/fruit value chain stakeholders (FAO)		UNDP: contractors reports FAO: Various sources, including progress reports from GEOSSA
Indicator 2.4 % of self-financing of CMO in packaging Baseline:0 Planned Target: At least 30% (does not include donor funding)	2.4 Over 30% of self-financing annualized, adjusted for operational costs. Packaging cluster generates annual fees over GEL 45,000, while annualized operational costs amount up to GEL 70,000 (UNDP).		UNDP: Project Report
Indicator 2.5 CMO in packaging cluster facilitates EPR implementation in packaging. Baseline: No Planned Target: Yes	2.5 UNDP significantly impacted the packaging sector in Georgia, as it facilitated the transition to a green and circular economy.	Even though the exact deadlines for implementing EPR regulations for packaging components are unknown, the largest producers (such as soft drink producers) have registered the PRO organization but have not been authorized by the regulator due to the lack of such regulations. UNDP has focused on encouraging resource efficiency and raising awareness about Extended Producer Responsibility (EPR) policies and the successful and unsuccessful examples	UNDP: contractors reports and assessments.

	<u>Achieved</u> Indicator Targets	Reasons for Variance with Planned Target (if any)	Source of Verification
		sharing. UNDP supported companies in the packaging value chain in Georgia to modernize their machinery and invest in new technologies to meet international standards and certification requirements, as well as to address environmental pollution, health, safety and waste management issues.	
Indicator 2.6 No of priority needs solved in CMOs. Baseline: No Planned Target: 20 (in total for UNDP and FAO)	2.6. 14 needs solved in 3 areas (UNDP). 2.6. 20 priority needs solved for the CMO, including technical assistance, trainings on critical needs and procurement of production material and equipment (FAO).	FAO: Number of priority needs solved in CMO. planned for Year 2021	UNDP Project Report FAO: Documentation on the priority needs and progress reports from GEOSSA.
Indicator 2.7 Seedling Certification System approved and operational. Baseline: NO Planned Target: YES Indicator 2.8 Seed Association created. Baseline: 0 Planned Target: 1 Indicator 2.9 Number of nursery operators registered and selling certified nursery material. Baseline: 0 Planned Target: 25 (at least 10% women – led)	2.7 Seedling certification system designed and approved by the Georgian government in 2021 and to enter in force in 2024 (FAO) 2.8 Seed association was created as part of GEOSSA (FAO) 2.9 24 operators registered and selling propagation material on a voluntary basis (14 seed & 10 sapling nurseries), FAO.	NA	FAO: 2.7. Ordinance of the Government of Georgia available on the legislative herald of Georgia, as released on 28 September 2021 FAO: 2.8. Registration of the Association on 4 January 2021 as a Non-commercial legal entity in the public service hall and an extract from the registry. FAO: 2.9 CAC certificates. FAO: 2.10 multi-stakeholder platform on Viber.

	<u>Achieved</u> Indicator Targets	Reasons for Variance with Planned Target (if any)	Source of Verification
Indicator 2.10 The creation of multi-stakeholder platform for seeds and seedlings Baseline: 0 Planned Target: 1	2.10 A multi-stakeholder platform for seeds and saplings created on Viber and actively operational (FAO)		
Output 3 Packaging and seeds/seedlings clusters enhanced through strategic investment (UNDP) Indicator 3.1 No of jobs supported/sustained by the EU (UNDP and FAO) Baseline:0 Planned Target: At least 30 Indicator 3.2 No of companies expanded sales at least by 15% (UNDP and FAO) Baseline:0 Planned Target: At least 10 Indicator 3.3 No of quality schemes adopted by economic operators with EU Support (UNDP and FAO) Baseline:0 Planned Target: At least 8	3.1 167 jobs in total: 76 full time jobs (34 women - 45%) UNDP and 91 FAO (50 full time and 41 temporary) 3.2 25 PMAG Packaging Cluster member companies have increased sales at least by 15% (UNDP) and 40 companies increased sales by over 15% (FAO) 3.3 10 quality schemes supported one per company (UNDP) and 17 quality schemes were adopted, one per company (FAO).	NA	UNDP Packaging Sector Study Report 2022 (includes survey of companies and available public data sources) Annex: UNDP Strategic Investments for Growth: Summary for Imereti, Kakheti regions and Tbilisi FAO: 3.1, 3.2 & 3.3 – Results of a qualitative survey. FAO: 3.3 – Data provided by SRCA (List of CAC certified nurseries). Public data available on RDA website - https://www.rda.gov.ge/en/programs/572746-plant-the-future

	<u>Achieved</u> Indicator Targets	Reasons for Variance with Planned Target (if any)	Source of Verification
Output 4 Migration is a mainstream component of SME development support. (Resp. IOM) Indicator 4.1 Diaspora mapping conducted, interests, and priorities for investment identified and presented to the partner agencies for further consideration. Baseline: No Planned Target: Yes	4.1 Inventory of 4,000 diaspora professionals, 572 diaspora persons expressed their interest in cooperation. 158 diaspora profiles shared with the project partner UN agencies – UNDP, FAO and UNIDO. 58 diaspora profiles preselected. 52 thematic online meetings between the UNDP, FAO and UNIDO, the cluster management organizations (CMOs) and interested businesses with the selected diaspora persons.	NA	Diaspora professional profiles inventory. Diaspora online survey report.
Indicator 4.2 Number of Trained Staff of Central and/or local authorities in mainstreaming migration into local development Baseline:0 Planned Target: 30	4.2 160 persons from the regional and local government agencies trained and/or made aware of why and how to mainstream migration into local development. Diaspora web portal technically upgraded and made fully functional, regularly administered and displays news, information and services of Georgian diaspora interest.	NA	Agenda. Attendance sheets. WWW.GDA.GE

	<u>Achieved</u> Indicator Targets	Reasons for Variance with Planned Target (if any)	Source of Verification
Indicator 4.3 Networking events and/or trade fairs in Georgia and EU Baseline: 0 Planned Target: 3	4.3 Two Diaspora Economic Forums in Georgia, in total 230 attended, from more than 20 countries (IOM). One Business Networking Event in the EU. Over 50 persons attended, including the represented businesses at the FachPack Trade Fair and diaspora persons from Germany.	NA	Diaspora Economic Forum Agenda. List of participants. Presentation materials are available at the diaspora web portal. Forum survey analysis and plan of action. Networking Event Agenda; List of participants;
Indicator 4.4 No of qualified Diaspora assignments for CMOs and/or companies capacity building purposes Baseline: 0 Planned Target: 4	4.4 6 assignments in cooperation with UNIDO, FAO and UNDP	NA	Assignment contracts, TORs, consultant reports

iii) A Specific Story

UNIDO: With the effort of UNIDO team, national and international experts, significant results have been achieved with considerable positive impact on producers:

- The E-marketing/commerce program helped beneficiaries use social media, websites and online marketplaces, leading to increased sales online from about 20% and above within a short period of time.
- The GMP program helped companies initiate the process of transition from traditional to GMP compliant companies. One of the companies- Neopharm, already passed an audit and became GDP certified in Tbilisi in December 2022. The company has since earned the GDP certification for its facilities in Batumi, Adjara region as well. In addition, one of the co-founding members of the cluster-BioChimPharm has been fully GMP certified and has resumed production and sales. In addition, the Regulatory Agency of the Ministry of Health, as well as Tbilisi State Medical University students benefited from the GMP course tailored to their needs, none of whom had received such support before. Both the private and public sectors are now better positioned to overcome challenges posed by GMP compliance, bringing the country closer to the European standards.
- The Georgian Marine Fishing cluster became an active intermediary between its members, State agencies and supporting industries (such as the ship-building sector in Turkey). An important change in a governmental legal act was successfully advocated, which was later signed and approved by the Prime Minister of Georgia in October 2022, thus benefiting the fishing companies. The cluster has since been recognized as the main representative of the Poti fishing cluster and was invited by European Commission to participate in the Aquaculture Development workshop in Brussels, where main sector representatives and policy-makers gathered from Georgia, Ukraine and Moldova. UNIDO has supported the cluster to enhance its image as the main point of reference vis-à-vis the Marine Fishing sector in Georgia.
- The two cluster conferences proved to be an effective tool and a platform to bring sector representatives, cluster members, experts and stakeholders from supporting and related sectors, as well as from the government together. The conferences have attracted a great deal of attention, making the cluster members feel included and provoking challenging and highly sought discussions between major stakeholders. All participants, across both clusters, issued their deep gratitude to the EU and UNIDO for initiating the two conferences and expressed hopes that such events will continue to be organized in the future.

The results showed that project interventions can be highly effective once they are targeted at the practical challenges voiced and put forward by the producers themselves. Therefore, producers and project beneficiaries should become the main source to guide the project implementation, such as selection of questions and modes of delivery for trainings. This way better engagement is achieved with beneficiaries and trust is earned, increasing the effectiveness of project interventions.

UNDP: Baia's Wine - In Western Georgia, a winery helmed by sisters Baia and Gvantsa Abuladze stands as a beacon of innovation and resilience. Baia, breaking through the male-dominated wine industry in 2015, aimed to revive Western Georgia's forgotten grape varieties and excel in bio-winemaking. Her efforts, joined by Gvantsa in 2016, expanded their wine repertoire to include Pét-Nats, earning international acclaim. Their

collaboration with UNDP and EU brought about pivotal growth. In 2017, Baia engaged in business training through UNDP, and by 2022, both sisters received UNDP grants for advanced packaging equipment, crucial for their European market expansion. Their inclusion in Georgia's Packaging Cluster (PMAG) furthered their journey towards innovation and sustainability in winemaking. EU Ambassador and UNDP representative commend the sisters for their entrepreneurial spirit, emphasizing the importance of supporting women in business to foster innovation, community strength, and an inclusive future. Baia and Gvantsa's story not only challenges stereotypes but also lights the way for future women entrepreneurs in Georgia and beyond.

UNDP: Buetea - In the lush landscapes of Imereti and Guria, Georgia's tea tradition merges with modernity, thanks to EU and UNDP support. Georgian tea, unique for flourishing further north than its global counterparts, is making strides towards European markets. Local producers, armed with EU and UNDP aid, are embracing eco-friendly practices and technology to meet Europe's strict standards. "Buetea," a small enterprise with a vision for sustainable tea production, has modernized its operations and ventured into eco-packaging, thanks to the Georgia's Packaging Cluster (PMAG) initiative. This move has expanded their product range, reduced waste, and initiated exports to Germany, marking a significant step towards international recognition. This journey of blending tradition with innovation illustrates a broader commitment to sustainable development in Georgia's tea sector.

III. Other Assessments or Evaluations

The Joint Programme underwent a Result Oriented Mission (ROM) to assess the quality of results achieved and practices applied. Recommendations stemming from this assessment were considered by the Participating United Nations Organizations (PUNOs) during implementation and were reflected upon in Steering Committee meetings.

The external evaluation of the Joint Programme is currently in progress, aiming to evaluate the quality of the results achieved. The final assessment will be submitted to the EU Delegation and other stakeholders for review.

IV. Programmatic Revisions

Due to encountered obstacles in 2022, the project faced challenges and opportunities in its finalization. Consequently, an extension of 6 months (1 February – 31 July 2023) was granted to facilitate the achievement of the project's core objectives. However, further prolongation of the project is imperative to realizing these goals due to numerous factors necessitating this extension.

In 2023, the Participating United Nations Organizations (PUNOs) encountered significant obstacles, requiring additional time to complete the planned project activities. Regrettably, the UN financial system does not permit the utilization of an override function to bridge financial gaps that arise when new transfers are not received, and existing funds are exhausted. Therefore, another extension of the project has become essential to ensure its ongoing success and the delivery of impactful outcomes.



The extension of the Joint Programme (JP) aimed to provide continued support to the selected clusters, facilitate the implementation of collective activities, and promote capacity development and sustainability in targeted sectors. A new no-cost extension has been approved by the donor, extending the project until the end of November 2023.

Purchased assets transfer. UNDP and FAO have purchased different equipment from this JP and have transferred it to other EU supported projects and this JP beneficiaries. The annexes describing the assets transfer are attached.

List of annexes attached:

1. UNJP 2023 Communications and Visibility UNIDO, UNDP, FAO
2. UNIDO Georgian Marine Fishing Cluster conference report
3. UNIDO Georgian Marine Fishing Cluster development strategy document
4. UNIDO Georgian Biopharmaceutical Cluster development strategy document
5. UNIDO Georgian Biopharmaceutical Cluster brochure
6. UNIDO Georgian Marine Fishing Cluster large brochure
7. UNIDO Georgian Marine Fishing Cluster short brochure
8. UNDP 4-Year Cumulative Summary of Detailed Actions Performance for 2019-2023
9. UNDP Statement of Intent Imereti signed.
10. UNDP Statement of Intent Kakheti signed.
11. UNDP Lagodekhi Gap Analysis for separate collection of packaging waste
12. UNDP Samtredia Gap Analysis for separate collection of packaging waste
13. UNDP Zestafoni Gap Analysis for separate collection of packaging waste
14. UNDP Telavi Gap Analysis for separate collection of packaging waste
15. UNDP Study Paper Mill (Recycling and Production) Investment Assessment in Georgia
16. UNDP PMAG Exit Strategy
17. UNDP Report on Innovations in Industrial Skills Development
18. UNDP Assets Transfer
19. FAO Detailed Actions Performance 2023
20. FAO Mission of FAO Experts BTOR
21. FAO Study Visit to Italy BTOR
22. FAO Workshop on Sapling Certification and CAC Standards Agenda
23. FAO Workshop on Sapling Certification and CAC Standards Meeting Minutes
24. FAO Assets transfer
25. IOM Findings from the Diaspora Survey
26. IOM MMLD Workshop Agenda & LoP
27. IOM Coordination Meeting LoP
28. IOM Diaspora Economic Forum Agenda & LoP
29. IOM Diaspora Survey Analysis and Plan of Action
30. IOM Diaspora Business Networking Event Agenda
31. IOM Diaspora Business Networking Event LoP
32. IOM Diaspora - MSME Networking Event Agenda & LoP
33. IOM LEDF Agenda
34. IOM Diaspora Assignment I – Report
35. IOM Diaspora Assignment II – Report
36. IOM Diaspora Assignment III – Report



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- 37. IOM Diaspora Assignment IV -Report
- 38. IOM Diaspora Assignment V – Report
- 39. IOM Diaspora Assignment VI – LoP
- 40. IOM Presenting the Results EUIPS LoP
- 41. IOM Integrated Approach to Reintegration Agenda & LoP