



PROJECT DOCUMENT

UNDP Georgia

Project Title: Inclusive Access to Markets

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Implementing Partner: The Ministry of Economy and Sustainable Development of Georgia

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Brief Description

This project is part of an Annual Action programme funded by the European Union. The European Commission adopted the programme "Support to the Implementation of the Deep and Comprehensive Free Trade Area and Small and Medium Enterprise development in Georgia (DCFTA-SMEs)", which aims to promote of inclusive, equal and sustainable growth in Georgia that will lead to a thriving business sector, improved livelihoods and decent employment for the population. The project will particularly aim to improve the competitiveness and sustainability of Georgia's private sector by supporting SME, promoting exports and internationalisation.

The project will strive to achieve one outcome: "Improved and inclusive access to EU markets of Georgian SMEs with strengthened value chains", with 2 outputs:

Output 1. Increased export by Georgian SMEs to the EU (primarily) but also to the European countries' markets achieved through 5 activities: Activity 1.1 – Support Georgian SMEs to take full advantage of international trade fairs and B2B events to boost their sales to EU and European countries' markets; Activity 1.2 – Financial and technical assistance of Georgian SMEs to increase access to EU and European countries' markets; Activity 1.3 – Boost export trade deals with EU and European countries' through improved lead generation; Activity 1.4 – Empower Georgian SMEs to become exporters to the EU and European countries' markets and Activity 1.5 – Other: to be determined in collaboration with Enterprise Georgia during implementation of the action.

Output 2. Strengthened value chains with strong growth and export potential achieved through 3 Activities: Activity 2.1 – Identify needs and constraints for international market positioning for SMEs in the target sectors; Activity 2.2 Co-design with private sector and Enterprise Georgia for specific services and support; and Activity 2.3. Targeted support to value chains for increased trade linkages with EU market systems.

Leave No One Behind is the central transformative promise of the 2030 Agenda for Sustainable Development. As a result and based on the UNDP's global and national programme priorities, the project will support ensuring access and involvement of women in all stages of project implementation.

Contributing Outcome (UNSDCF, CPD, RPD):

UNSDCF/CPD 2022-2025: Outcome 3: By 2025, all people without discrimination benefit from a sustainable, inclusive and resilient economy in Georgia.

CPD Output 3.1: Improved competitiveness of private sector and labour force, especially youth and vulnerable groups through labour policy, private sector development, social responsibility and skills development.

SP 2022-2025 Output 1.3 Access to basic services and financial and non-financial assets and services improved to support productive capacities for sustainable livelihoods and jobs to achieve prosperity.

Indicative Output(s) with gender marker: GEN2

Total resources required:	5,509,071.50 USD	
Total resources allocated:		
	UNDP TRAC:	172,892.20 USD (equivalent of EUR 162,000.00 per UNXRATE for Nov 2023 0.937)
	Donor (EU):	5,336,179.30 USD (EUR 5,000,000.00)
	Government:	N/A
	In-Kind:	N/A
Unfunded:	0	

Agreed by:

The Ministry of Economy and Sustainable Development of Georgia	United Nations Development Programme
Genadi Arveladze Deputy Minister of Economy and Sustainable Development of Georgia 	Douglas Webb Resident Representative ai
Date: 08/02/24	Date: 8/2/24.

List of Abbreviations

AA	Association Agreement
CO	Country Office
DCFTA	Deep and Comprehensive Free Trade Area Agreement
EaP	Eastern Partner countries
DoA	Description of the Action
ESTDEV	Estonian Centre for International Development
EC	European Commission
EG	Enterprise Georgia
EU	European Union
EUD	European Union Delegation
FDI	Investment and Foreign Direct Investment
GEL	Georgian Lari
ITC	International Trade Centre
LEPL	Legal Entity Under Public Law
MSMEs	Micro, Small and Medium Enterprises
MoESD	Ministry of Economy and Sustainable Development
MSD	Market Systems Development
PSC	Project Steering Committee
SDGs	Sustainable Development Goals
WB	World Bank
SME	Small and Medium sized Enterprises
ToR	Terms of Reference
UNDP	United Nations Development Programme

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I. DEVELOPMENT CHALLENGE

The Small and Medium-sized Enterprise (SME) sector plays an important role in the Georgian economy and represents 99.7% of the total number of active enterprises (01 January 2023). This composition has not changed much in recent years. The sector is dominated by small companies, which account for 98.7% of SMEs. The medium-sized ones are only 1.3% but are very important, such as for export. SMEs employ about 61.8% of total employed people (in 2021), produce 53.2% of total production value and create about 52.8% of total value added of the business sector (2021). According to Geostat, in 2021 only by 29% of established enterprises were led by women and 58% by men (13 not identified). The leading sectors for women entrepreneurs are agriculture (40.6 percent), education (16.2 percent) and health (7.1 percent).

The SME performance showed positive tendencies during 2015-2019, averaging 13.5% annual growth in value added, 13.3% in production and 11% in turnover. But a combination of the COVID-19 crisis, containment, restrictions, slowdown of economy and reduced demand, negatively influencing the performance of Georgian SMEs. In 2021, SMEs did show a tendency of recovery, improving in key indicators such as value added (+8.6%), production (+11%) and turnover (+9.5%) vs 2020. Notably for this project, SMEs are very active in foreign trade activities accounting on average for 60.1% of exports and 59.5% of imports (2019-2022). During 2015 to 2019 exports by SMEs increased by 61.7% and imports by 31.7%. The COVID-19 crisis negatively affected SMEs and both exports and imports reduced by -14.7%. From 2021 SMEs started recovery in 2-years period (2020-2022) exports and imports increased by 60.1% and 63.4% respectively. There is great potential to increase export, and it is especially important now that the key regional markets (e.g., Russia and Ukraine) are in flux.

SMEs are also very active in the trade with the EU. During 2015-2019, the share of SMEs in total trade turnover with the EU was on average 54.7%, in exports to the EU about 71% and in imports 50%. During 2015 - 2019 exports by medium companies increased by 97% and reached USD 484 million.¹ With a small domestic market, expanding exports is essential for the nation's economy. By focusing on exports, Georgia may access global markets and develop its revenue sources, especially from EU countries, capitalizing on the DCFTA. Export statistics to the EU show a 20% growth from 2021 to 2022. Similar tendencies can be observed in the re-export category to the EU; the route changes due to Russia – Ukraine war explains the 57% increase from 2021 to 2022.

Table 1. Georgia's export to the EU in 2018-2022 (Geostat)

Export (USD 1000)	2018	2019	2020	2021	2022
EU	712,860	805,749	697,817	717,192	862,782
YoY Growth	-	13%	-13%	3%	20%

Investment and Foreign Direct Investment (FDI) play an important role in SMEs development, innovation and competitiveness. It is more difficult for SMEs to attract FDI than for large companies. During 2016-2022, only 33.6% (USD 3.4 bln.) of total FDI was invested in SMEs. The trend of investment in fixed assets and FDI is characterized by large fluctuations over the years. There are many other areas of SME sector weakness: on 01 January 2023, 35% of SMEs were involved in low value-added sectors (e.g., wholesale and trade) and only 7.3% operate in manufacturing. Productivity of Georgian SMEs still lags behind EU levels² and is 24.8% lower than that of large companies. The use of Information and Communication Technology (ICT) among SMEs is increasing, but on 01 January 2022 only 12% of small companies had a webpage, while 44% of medium and 70% of large companies had it; only 5.8% of small companies were using Enterprise Resource Planning software, compared with 32.3% of medium-sized and 57.7% of large.

Establishing gender responsive policies supporting SMEs development is an important priority of economic policies. In 2023, Georgia was ranked 76 out of 146 countries in the World Economic Forum's Global Gender Gap Report³, which is step backward comparing to 2022's results, where Georgia hold 55th place. According to a recent Nordic Consulting

¹ Ex-post evaluation of the implementation of the Deep and Comprehensive Free Trade Area between the EU and its Member States and Georgia (2022)

² OECD, *Fostering Business Development and Digitalization in Georgia (2022)*

Group gender assessment of small and medium sized enterprises (SMEs) in Georgia, women represent 55% of those with higher education, and 57% of those who attend vocational training. However, women's participation in the labour force in Georgia is significantly lower than men. Roughly 79% of men participate in the labour force, but only half of all women do, according to a UN Women informal sector study. Among the other major challenges faced by SMEs are access to long-term affordable finance; lack of innovations and investment in modern technologies; limited export capacities; lack of SME skills; skills mismatch on the labour market, gender stereotyping and less property, unequal distribution of heritage, less savings and lower salaries for women; low level of financial and digital literacy, especially for women etc. Adoption of DCFTA requirements is also challenge for SMEs, as it requires specific knowledge / financial resources.

Furthermore, in SME policy development, Georgia is well-positioned among the Eastern Partner (EaP) countries. According to the latest SME Policy Index (2020), issued by the OECD,⁴ Georgia has highest scores in 9 and second highest scores in 3⁵ dimensions out of 12, and its scores in all dimensions are above the EaP average. Georgia made the progress in all areas, covered by the SME Policy Index. Georgia developed and adopted the first SME Development Strategy (2016-2020) and the second SME Strategy (2021-2025)⁶, together with the 2021-2022 Action Plan was adopted in 2021, with the goal improve of competitiveness of SME sector. It has 7 priorities and 42 tasks: 1) improvement of legislation and operational environment for SMEs 2) entrepreneurial skills development 3) improvement of access to finance 4) export promotion and internalization 5) promotion of innovations and ICT 6) promotion of women entrepreneurship and 7) promotion of green economy. The project seeks to build upon various aspects of the strategy. In 2022, the State Programme to Support Micro, Small and Medium Enterprises (MSMEs) was adopted⁷ (implemented by Enterprise Georgia, the key beneficiary of this project) with 3 aims: 1) provision of consulting services 2) support to business skills development and 3) provision of informational services.

II. STRATEGY

The logic of the project's interventions is based on the presumption that only a holistic approach can drive change in an area as complex and multifaceted as Small and Medium-Sized Enterprises (SME) internationalisation and trade. Internationalisation and increased trade of SMEs can result in competitiveness gains at firm level which may eventually translate into improved economic performance and reducing poverty at national level.

The project is based on the 5 cross-cutting domains: **Systematic Program Development; Removing Barriers and Activating Drivers; Inclusiveness and Gender Equality; Sustainability; and Robust, Synergetic Government Support Programs** that will be applied to all activities. *Systematic Program Development* - investing up-front in involving and communicating with the target SMEs and key stakeholders during the design of the support measures is key to greater understanding and better delivery of the support measures. *Removing Barriers and Activating Drivers* – it is essential to address critical constraints to SME internationalization (e.g. shortage of working capital to finance exports, limited information to locate/analyse markets, difficulties to meet regulatory and technical requirements, lack of skills and knowledge, competitiveness of product quality and price, and sector-specific barriers) holistically with driving factors for export (e.g. growth; network/value chain links; and domestic/EU market factors). Furthermore, support provision will focus on activating endogenous factors of SME export-orientation, including their growth, profit, market share, justifying needs-based approach of export-boosting assistance. *Inclusiveness and Gender Equality* – As trade can expand women's role in the economy, decrease inequality and increase women's wages⁸, mainstreaming gender equality and social inclusion aspects in export support assistance will be crucial for promoting gender equality, reducing poverty and structural barriers to accessing finance, ensuring that the benefits of export promotion are distributed more equitably across society. *Sustainability* - exporting SMEs should adopt responsible trade practices (e.g., employ environmentally friendly packaging, utilizing digital means, optimizing logistics, sustainable sourcing) to minimize adverse effects on environment and society. *Robust, Synergetic Government Support Programs* – it is important that government programs aimed to SME export promotion are tailored to needs, durable and ensure synergies with the Whole-of-Government Approach. Interventions of the proposed action should not only complement governmental programs, but

⁴ OECD, *SME Policy Index: Eastern Partner Countries 2020*; Assessing the Implementation of Small Business Act for Europe

⁵ Note: dimensions, in which Georgia has second highest scores: Bankruptcy and second chance; entrepreneurial learning/women's entrepreneurship; Green economy

⁶ SME Development Strategy for 2021-2025 and Action Plan for 2021-2022

⁷ Government Decree N567 (14.12.2022)

⁸ (2020, World Trade Organization and the World Bank) - *Women and Trade*.

also cultivate their synergetic impacts, support emergence of new export support facilities and improve capacities to better serve the needs of redressing export barriers and stimulating internationalisation of SMEs.

Methodological framework applied to the project:

- ***Adaptive Management.*** At the heart of the project's implementation, an adaptive management approach will be applied to make decisions and adjustments in response to new information and changes in context (e.g., changing trade landscape, sectoral developments, and the needs of SMEs). This will enable the project to meet unexpected challenges, exploit emerging opportunities and mitigate implementation risks. To this end, UNDP will apply a set of tools and mechanisms, including periodic market-context analysis, project reviews, promoting gender responsive tools and encouraging women's equal involvement and participation, incorporating complexity-aware monitoring approaches in the project Monitoring and Evaluation Framework. The Project Team will liaise regularly with European Union Delegation in Georgia, business associations, Ministry of Economy and Sustainable Development, LEPL Enterprise Georgia and where relevant with other public agencies, to adjust project activities when needed to achieve project indicators and deliver on project's purpose.
- ***Sustainability and ownership oriented*** - The project will be guided by permanent measuring of the sustainability of actions under the key components identified. The focus on the transfer of skills, practical experience and capacity building will produce a multiplier effect that can long outlive the project duration. Local expertise of export promotion will be complemented with EU Member States' expertise (e.g., Estonia) to build skills and increase the know-how of staff of Enterprise Georgia and other institutions to further unlock the potential of Georgian SMEs to export to EU markets, create jobs and strengthen sectoral value chains and foster inclusive growth. Additional training on Gender Mainstreaming and WEE will be delivered. From the very beginning, close coordination and consultation with Enterprise Georgia and all other stakeholders will be the guiding principle of daily work so as to build ownership, commitment from the local partner institutions and ensure the sustainability of results after the project ends.
- ***Inclusive market systems development.*** To support inclusive market access initiatives, the project will use Market Systems Development (MSD) approaches to achieve lasting and widespread pro-poor change. Apart from the pure export business interests it will be essential to enhance efficiency and sustainability of local market systems determined for improvement of income situation for local residents (esp. women and youth). MSD approaches will catalyse the processes, resulting in enabling systems that are: competitive, inclusive and resilient. To pursue the facilitation of such inclusive market systems, the project intends to focus on thorough analysis of market systems, gender-inclusive finances, clear definition of intervention targets, stimulating pressure points within market systems that encourage change that supports increased competitiveness, enable poor and underrepresented groups to take advantage of opportunities created by program interventions, and strengthen capacities of market actors to capitalize on the benefits of diversified export and resilient markets. A competitive, catalytic matching grants program will be one of the instruments applied for these purposes (further described).
- ***Quality and process oriented*** - UNDP management and the project management will provide ongoing quality assurance as regards efficient and effective project implementation according to the agreed schedule, input of resources and expected output of the individual tasks of the work plan. During the implementation, the project will be supported by UNDP's Gender Advisor in the related fields. The project implementation is proposed as an ongoing process which will be supported by the Project Team throughout the overall project lifetime. Taking into account the objectives to be met it will be necessary to identify detailed working steps in order to achieve just in time transparency on processes and decision needs. Furthermore, UNDP uses project cycle management and related modalities for programme implementation which are consistent with or identical to those applied by the EC/EU.

The project aims to promote of inclusive and sustainable growth in Georgia that will lead to a thriving business sector, improved livelihoods and decent employment for the population. Particularly, the project is designed to **improve the competitiveness and sustainability of Georgia's private sector by supporting SME, promoting exports and internationalisation**. The two main outputs of the project are:

- ***Output 1*** - Promote increased export by Georgian SMEs to the EU (primarily) but also to the European countries' markets.
- ***Output 2*** - Strengthen value chains with strong growth and export potential.

Needs-assessments and studies will be conducted in concrete activities for evidence-based decisions. The specific methodological approaches and gender responsive tools will be used towards effective implementation of activities.

Output 1. Promote increased export by Georgian SMEs to the EU and European countries' markets. (Years 1,2,3,4). The following methods of implementation will be applied: (a) **co-financing** the participation of SMEs in well-tailored, niche trade missions (B2B meetings); (b) **coaching** and knowledge/practice exchange for SMEs in order to advance effectiveness of their participation in trade fairs and trade missions. The effectiveness of the trade fairs and missions will measure to provide increasingly tailored technical assistance to SMEs. Furthermore, participating SMEs in trade shows and missions will be selected through rigorous selection system (incl. through specific criteria, application process, selection panel, etc.) (c) **complementary financing** (of government programs) for SMEs product licensing/certification, branding development and entry free financing; (d) **mentorship** to help SMEs better understand EU market requirements, develop export-oriented strategies, improve their overall competitiveness, etc.; (e) **lead generation** to cover EU member state markets extensively across the sectors of Georgian producers; (f) **consultancy** for 'less advanced' SMEs to become exporters; (g) **targeted grants** to cover the costs of special export needs (e.g., branding, digitalization) of 'less advanced' SMEs; (h) **needs-based technical assistance and competency-based capacity building** of LEPL Enterprise Georgia.

Participants: project team, Enterprise Georgia, MoESD, SMEs, Business Associations, CSOs, youth and women entrepreneurs, other relevant national agencies.

Main means: grant financing, coaching, mentorship, consultations and technical assistance, capacity building, implementation support, monitoring and evaluation, lead generation.

Output 2. S Value chains strengthened with strong growth and export potential. (Years 1,2,3,4).


The following methods of implementation will be applied: (a) **assessment** of Georgian industries to identify needs and constraints for growth and export potential; (b) **analysis** of specific value chains for co-creating and validation of the specific services for the selected value chains; (c) **targeted technical assistance** to SMEs in selected value chains for increased trade linkages with EU market systems; (d) **matching grants** to the individual companies to implement priority export enabling actions. Especially, sector policies can promote SME value chain development that could substantially offer opportunity to women.



Participants: project team, Enterprise Georgia, MoESD, sectoral business associations, youth and women entrepreneurs, other relevant national agencies.

Main means: assessment and analysis, workshops, seminars and trainings, coaching, capacity building and other technical assistance, networking, implementation support, monitoring and evaluation.

This project will contribute to a successful implementation of EU's "Support to the Implementation of the Deep and Comprehensive Free Trade Area and Small and Medium Enterprise development in Georgia (DCFTA-SMEs)" and implementation of the second SME Strategy (2021-2025) of Georgia. The project will ensure that gender responsive approaches, including equal participation and equal access to services will be implemented. Furthermore, the project will **contribute to the implementation of the EU-Georgia Association Agreement** and can make important contribution to the work related to the **Georgia EU membership potential candidate status**.

Theory of Change

CPD 2021-2025 Outcome/Output	Outcome 3: By 2025, all people without discrimination benefit from a sustainable, inclusive and resilient economy in Georgia / r/ Output 3.1: Improved competitiveness and social responsibility of private sector
	
Impact	Enhanced competitiveness of Georgia's private sector by supporting SME and promoting exports
	
Outcome	Outcome 1 Improved and inclusive access to EU markets of Georgian SMEs with strength-ned value chains

		
Outputs	Output 1 - Increased export of Georgian SMEs to the EU market	Output 2 - Strengthened value chains with strong growth and export potential
Activities	<p>Activity 1.1 – Support Georgian SMEs to take full advantage of international trade fairs and B2B events to boost their sales to EU and European countries’ markets.</p> <p>Activity 1.2 – Financial and technical assistance of Georgian SMEs to increase access to EU and European countries’ markets.</p> <p>Activity 1.3 – Boost export trade deals with EU and European countries through improved lead generation.</p> <p>Activity 1.4 – Empower Georgian SMEs to become exporters to the EU and European countries’ markets.</p> <p>Activity 1.5 – Other: to be determined in collaboration with Enterprise Georgia during implementation of the action.</p>	<p>Activity 2.1 – Identify needs and constraints for international market positioning for SMEs in the target sectors.</p> <p>Activity 2.2 - Co-design with private sector and Enterprise Georgia for specific services and support.</p> <p>Activity 2.3. - Targeted support to value chains for increased trade linkages with EU market systems.</p>

At a global level, the project contributes to achievement of a number of **Sustainable Development Goals (SDGs)** by 2030, incl. SDG 1, 8, 9 and 12. This project should be seen within the context of the EU’s wider **Global Strategy for the EU’s Foreign and Security Policy**, as well as the revised **European Neighbourhood Policy (ENP)**, which call for the need to focus on increasing the stabilisation and resilience of the EU’s neighbours.

III. RESULTS AND PARTNERSHIPS

3.1/ Expected Results

The **ENP** identifies ‘economic modernisation and entrepreneurship’ as a priority for cooperation. In particular it supports reforms that lead to better business and investor environment, growth through support to SMEs and growth through modernisation of existing sectors and diversification into new ones. It has four priority areas of cooperation, namely: stronger governance, stronger economy (economic development and market opportunities), stronger connectivity, and stronger society). Within the EaP, SMEs are one of the priorities, hence the focus on **EU4Business**, which concentrates on improving access to finance, strengthening policy and regulatory frameworks and improving access to markets.

The project also builds on the 10 principles of the **Small Business Act (SBA)** and the EU’s **SME Strategy for a Sustainable and Digital Europe (2020)** and would contribute directly to key elements of the overall SME policy framework and ecosystem in Georgia. The project addresses **two objectives (i.e., export and value chains)** as they are interlinked and thus most effectively delivered as an **integrated package of services**. Below we set out an **outline of activities** that would be delivered through each output. Please note that this list of key activities is indicative and may change during the Inception Phase and over the Programme cycle due to factors such as the evolution of the institutional and policy environment, including possible EU membership Candidate Country status and other factors.

The expected impact of the project is to enhance competitiveness of Georgia’s private sector by supporting SME and promoting exports, achieved through the results chain comprising of 2 outputs and 8 activities. All activities will be supported and implemented through gender mainstreaming lenses:

Output 1 – Promote increased export by Georgian SMEs to the EU and European countries’ markets.

Activity 1.1 – Support Georgian SMEs to take full advantage of international trade fairs and B2B events to boost their sales to EU and European countries’ markets. (Year 1,2,3,4. *UNDP and ESTDEV*). The Programme will work together with Enterprise Georgia (EG) to expand and improve the effectiveness Georgian SMEs’ participation in international

trade fairs, exhibitions, and B2B/trade fair networking events to showcase their products and connect with potential buyers. To this end, the Programme will co-finance (by at least 50%) participation of Georgian SMEs in well-tailored, niche trade missions (B2B/trade fair meetings). Furthermore, the Programme will offer coaching services for improved preparation and follow-up (after international trade fairs, exhibitions, and B2B/trade fair networking events activities of Enterprise Georgia) to Georgian SMEs in order to advance effectiveness of their participation in trade fairs and missions, which is a key lesson learned from past activities of Enterprise Georgia. Coaching support *jointly with ESTDEV* will entail technical assistance measures, such as: (1) *Needs assessment*: understand the specific needs, strengths, and weaknesses of each SME. Assessing their products, target markets, and export readiness; (2) *Guidance*: covering topics such as booth design, marketing strategies, negotiation skills, cultural awareness, and understanding buyer expectations; (3) *Assistance in market research*: support to SMEs tailor their offerings to meet market demands; (4) *Developing a trade fair strategy*: setting specific goals for SMEs participation, such as generating leads, building relationships, showcasing new products, or accessing new markets; assistance in booth designs; supporting SMEs develop a comprehensive marketing plan for the trade fair, including promotional materials, digital marketing strategies, social media campaigns, and engaging with potential customers prior to the event; (5) *Potentially offering on-site coaching to SMEs*: during the trade fair or mission (incl. monitoring of performance and offer support, advice, and feedback); (6) *Post-event evaluation, feedback* (incl. recommendations for future participation in trade fairs and missions) *and follow-up*; and (7) *Collaboration and knowledge sharing sessions*, among other.

Activity 1.2 – Financial and technical assistance of Georgian SMEs to increase access to EU and European countries’ markets (Year 1,2,3,4. UNDP). Building on the Enterprise Georgia’s “Export Assistance Program”, the Programme will provide complementary support to Georgian SMEs intending to export to the EU via the provision of additional financing (up to 10,000 GEL) for product licensing/certification, branding development and entry free financing components of the Programme. Priority will be given to beneficiaries of Enterprise Georgia, but all SMEs will be able to apply. Additional financial assistance will be bundled with technical support to Georgian SMEs with delivery of a tailored mentorship programme to help SMEs better understand EU and European countries’ market requirements, develop export-oriented strategies, improve their overall competitiveness, product design and quality improvement, among other services. Mentorship will include support in the areas of (but not limited to): (1) *Identifying specific areas where SMEs lack understanding* of EU market requirements (this may include legal and regulatory frameworks, product standards and certifications); (2) *Supporting in market research*: Educating SMEs about the EU market, its size, potential, and specific industry sectors that may align with their offerings. Providing information on trade barriers and market entry requirements. Supporting in target audience analysis; (3) *Facilitating compliance with EU regulations and standards*: Helping SMEs to understand EU directives, standards, labelling, packaging, and documentation requirements. Provide guidance on obtaining certifications such as CE marking, ISO standards, or specific industry certifications; (4) *Supporting in export-oriented strategies design*: Assisting SMEs in developing a tailored market entry strategy for the EU market. Guiding on competitive positioning and supply chain management; (5) *Providing SMEs with access to relevant resources*, guides, market reports, and online platforms that offer information on EU market requirements, trade regulations, and best practices.

Activity 1.3 – Boost export trade deals with EU and European countries through improved lead generation (Years 2,3,4. UNDP). The Programme will engage with Enterprise Georgia to select and contract a specialist EU-based company (or several) to generate leads for Georgian SMEs with specific KPI targets (e.g., # companies that were introduced to Georgian SMEs, # potential partners have visited Georgia, and # of trade deals closed, among others). Specific requirements for subcontracted company will be generated in close consultation with Enterprise Georgia. The lead generation assistance will be also aimed to cover EU member states and European countries’ extensively across the sector of Georgian producers (e.g., of apparel, toys, mineral waters, creative industries and others), generate qualified leads and facilitate their conversion into customers or business opportunities. Assistance will also be delivered to SMEs that are ‘advanced’ to be defined jointly with Enterprise Georgia) to export and those who are less ‘export ready’.

Activity 1.4 – Empower Georgian SMEs to become exporters to the EU and European countries’ markets. (Years 1,2,3,4. UNDP and ESIDEV). In conjunction with Enterprise Georgia’s export advisory education services, a special national programme will be developed that will enable ‘less advanced’ (to be defined jointly with Enterprise Georgia) SMEs to become exporters through provision of comprehensive individual consultancy services (e.g., how to respond to market intelligence, how to pitch the products to potential customers, how to organize logistics and transport, how to get the company ready for exporting to the EU, etc.). Similar to ‘First flight’ program of Enterprise Ireland, consultancy support will start by assessing SME’s ‘internationalisation readiness’ and follow up with long-term consultancy to help companies build the management capabilities required for international business. Design of the consultancy support and inception phase of support delivery will be conducted jointly with ESTDEV. *Consultancy assistance will be complemented by targeted grants* (up to 1,200,000 GEL) to cover the costs of special export needs of each beneficiary SME. Targeted grants will be administered by the UNDP, with independent evaluation committee consisting of

representatives of Enterprise Georgia, EUD (as observer) and other relevant partners as observers or advisors, invited on case-by-case basis (if needed). The main objective of targeted grants will be to support emerging exporters, i.e., SMEs seeking to export for the first time. SMEs who will undertake 'export readiness assessment' and graduate from consultancy assistance program, will be eligible to apply for the targeted grants. The grants component beneficiaries will be selected through an open contest. No funds will be granted directly to the selected beneficiaries, they will get direct benefits (equipment and/or services) with mandatory co-funding. Before applying to the grants, applicants should be able to clearly identify and connect their export capacity gaps to the financial support needs. Funding will be directed to the activities related to: marketing and branding, regulatory compliance, digitalization, improvement of packaging, distribution and logistics, among others. The criteria for selecting SMEs and giving the financial support will include: market potential, value proposition, distribution channels, customer relationships, revenue streams and cost structures, sustainability, etc. A minimum grant amount of 10,000 GEL and the maximum of 50,000 GEL per beneficiary SME will be provided for the duration of the project. However, the maximum co-finance grant amount per project cannot exceed 100,000 GEL. The grantees will be required to co-finance at least 10% of the total business project value. It is expected that at least 25 SMEs will benefit and start their export activities. Detailed modality and system of delivery of targeted grants will be elaborated and agreed with stakeholders, which will include details on (1) Brief overall description of the grants funding purpose, its objectives and key features; (2) Eligibility criteria – eligibility criteria of applicants (and co-applicants if any), eligibility of projects/activities, eligibility of expenditures, responsibilities of applicant; (3) Procurement procedures; (4) Application submission process and procedures; (5) Administrative review procedures; (6) Evaluation criteria and evaluation process; (7) Implementation and monitoring of successful projects – implementation of the project, disbursements, financial and narrative reporting, monitoring visits (if applicable), termination of financing.

Activity 1.5 – Other: to be determined in collaboration with Enterprise Georgia during implementation of the action (Years 1,2,3,4. UNDP). The Programme will engage with Enterprise Georgia and other government agencies during the Inception Phase to determine additional areas of intervention and support (e.g., export support women-led SMEs), formation of sector-specific export councils. It will also support targeted capacity building of Enterprise Georgia.

Output 2 – Value chains strengthened with strong growth and export potential.

Activity 2.1 – Identify needs and constraints for international market positioning for SMEs in the target sectors. (Year 1. UNDP). The project will conduct a thorough assessment of Georgian industries and services (primarily non-tourism service sectors) to identify needs and constraints for growth and export potential. It will focus on sectors where Georgian SMEs have a competitive advantage, potentially on toys, fashion and apparel, creative industries, packaging and related and dependent value chains (certain non-alcoholic beverages, edibles and mineral waters), logistics (the parts related to SMEs and trade), electronics and others. Assessments will be conducted with acknowledgement and consideration of the existing extensive research materials available and be sensitive to critical knowledge gaps. Sector selection criteria and sub-criteria will include: (1) *Economic* (market size growth and demand, production volumes, competitive advantage, employment (current and potential), investments, supply chain and trade linkages, services and infrastructure, etc.); (2) *Social* (impact and engagement of youth and women); (3) *Environmental* (impact of value chain on the environment and vice-versa); (4) *Institutional* (government and/or donor investment, institutional capacity to sustainably support value chain development through PPPs, skills development, etc.

Activity 2.2 Co-design with private sector and Enterprise Georgia for specific services and support. (Years 1. UNDP). The project team will organise a dialogue format for co-creating and validation of the specific services for the selected value chain mapping and analysis for the identified target sectors, considering the various stages of development, export readiness and other key factors with a focus on EU markets. This will include: collection of quantitative and qualitative data on identified sectors; collecting segregated data on women-led SMEs; initial analysis of sector/trends and scoring; full assessment of value chains to identify business activities with greatest potential for export; potentially identify "anchor" or lead firms for catalysing 'growth pole' effects; and assessment report detailing priority sectors, gender related gaps and potential priority interventions and needs for further added value, leveraging strengths, and internationalization.

Activity 2.3. Targeted support to value chains for increased trade linkages with EU market systems (Years 2,3,4. UNDP and ESTDEV). Following the value chains analysis, the project will deliver specific measures (jointly with ESTDEV) to support individual sectoral value chains to promote their export to the EU. This will potentially include: (1) *product design, innovation and development assistance*. For example, in case of apparel: organizing workshops and trainings for local designers and manufacturers to enhance their product design, innovation, and development skills. (2) *quality improvement and certification*. For example, providing technical assistance to Georgian toy manufacturers to help meet EU standards and obtain relevant certifications. (3) *marketing and branding (with ESTDEV)*. Capacity building on effective branding and marketing strategies to help Georgian companies create strong brand identities and promotional campaigns. (4) *e-Commerce, digital marketing and logistics*. Tailored trainings on e-commerce platforms and digital

marketing tools to reach a wider audience in the EU market. Coaching the SMEs on online marketing aspects and using the e-Commerce platforms as a promotion tool. (5) *regulatory compliance assistance (with ESTDEV)*. Workshops and seminars on EU regulations and intellectual property rights to increase capacity of SMEs on compliance and protection. For example, in creative industries: provision of access to legal assistance and consultancy services to help SMEs navigate EU regulations and protect their intellectual property rights. (6) *competition and pricing strategy support (with ESTDEV)*. Support in analysing competitors' products, pricing strategies, and market positioning to help SMEs develop competitive pricing and market positioning strategies. Offer co-financing for SMEs to participate in price benchmarking studies and to access market intelligence databases. (7) *sustainability and environmental initiatives*. Encourage and support SMEs to adopt sustainable and eco-friendly practices in their operations and packaging. Promote certifications and labels that highlight the environmental and social responsibility, for example, of the SMEs' mineral water products. Some other support measures can include development of instruments, e.g., Self-diagnosis for Export Toolkit for SMEs (based on GlobalEIS Tool). The Project will also provide matching grants (up to 1.6 million GEL in total) to the individual companies to implement priority actions following the aforementioned measures that are market driven. Grant applications will be evaluated by an independent evaluation committee consisting of representatives of Enterprise Georgia, EUD (as observer) and other relevant partners as observers or advisors, invited on case-by-case basis. The main objective of matching grants will be to support SMEs from selected value chains/sectors to expand their export activities. SMEs who will graduate from technical assistance support, will be eligible to apply for the targeted grants. Before applying to the grants, applicants should be able to clearly identify and connect their export capacity gaps to the financial support needs. Funding will be directed to the activities are related to: product design and innovation, quality improvement and certification, marketing, e-commerce, environmental sustainability, regulatory compliance, among others. The criteria for selecting SMEs and giving the financial support will include: market expansion potential, competitive advantage and sales strategy, distribution channels, customer relationships, revenue streams and cost structures, sustainability, etc. A minimum grant amount of 10,000 GEL and the maximum of 50,000 GEL per beneficiary SME will be provided for the duration of the project. However, the maximum co-finance grant amount per project cannot exceed 100,000 GEL. The grantees will be required to co-finance at least 20% of the total business project value. It is expected that at least 20 SMEs will benefit from the matching grants and expand their export activities.

The impact of this project will be evident at the following levels:

Technical level: the impact of the project on target groups and beneficiaries at technical level will be facilitated through provision of targeted non-financial technical assistance (incl. coaching, mentoring, consultancy, networking, sub-sectoral analysis and trade lead generation) and bundled financial support (e.g., targeted grants, complementary financing and matching grants) to SMEs. In addition, needs-based technical assistance and competency-based capacity building of LEPL Enterprise Georgia will enhance its' institutional capacity to deliver diverse and improved services to SMEs. In addition to that, women-led SMEs will be supported with technical assistance beyond but linked to finance.

Economic level: the impact of the project on target groups and beneficiaries at economic level will be facilitated through the orientation of the project on increasing export of Georgian SMEs to the EU market and strengthening the sectoral/sub-sectoral economic value chains with strong growth and export potential. This in turn translates to increased sustainable inclusive economic growth with improved livelihoods and decent employment (more and better jobs); and increased and diversified trade in goods and services. The project also promotes women's economic empowerment as women led SMEs increased access to productive assets will lead to stronger economic growth.

Social level: the impact of the project on target groups and beneficiaries at social level will be facilitated by the social dimension of the project and its focus women and youth-led SMEs to maximize their participation in the international trade with the EU. The project will promote gender equality, as it realizes that the financing gap exists because women-led SMEs face different challenges in accessing finance for reasons related to cultural and social norms.

Policy level: the impact of the project on target groups and beneficiaries at policy level will be facilitated through the transmission of full ownership on the project results to MoESD and Enterprise Georgia. The impact on policy level will be evident by contribution to priority area #4 and four subsequent objectives of Georgia's SME Development Strategy (2021-2025). Despite important progress on gender inclusive finance, there is limited focus on women led SMEs' access to finance by policymakers and the project will support identifying the gaps and challenges in this regard.

3.2/ Inclusiveness and Gender Equality

While Georgia has made significant progress towards equal economic participation and empowerment of women, several challenges still require a systematic approach and effective measures. According to the data of the National Statistical Office of Georgia, while women make up 52% of the population in Georgia, only 40.5% of women of working age are involved in the labour market. It is also noteworthy that the level of education of women is not properly

translated into their economic activity, in particular, 57.9% of unemployed women have higher and secondary professional education. This is accompanied by occupational gender segregation and a pay gap. According to the World Bank's assessment, better use of the economic resource in the form of women in Georgia, in particular, the elimination of gender inequality in the labour market, would lead to an 11.3% increase in GDP per capita.

Challenges also include unequal access to resources, barriers to the recognition, redistribution, and reduction of unpaid and care work, flawed social policies, stereotypical attitudes about professions, and the gender pay gap, including the structural discrimination and financial inequalities caused by this gap and other structural barriers. Existing barriers limit the socio-economic well-being of all women, especially ones that are underrepresented and disadvantaged in the labour market. As a result, women in Georgia do not have equal opportunities to participate and benefit from the economy fully.

When it comes to barriers to women-led SMEs access to finance, key challenges include the following:

- Legal barriers to women owning and inheriting property.
- Inadequacies in the credit infrastructure to incorporate women-led SMEs' capacity and financing needs.
- Mobility to financial institutions and barriers hampering the exploitation of business opportunities for women-led SMEs.
- Deficiencies in financial and business skills of women-led SMEs.
- Lack of formal identification required to access bank financing.
- Lack of sex/gender-disaggregated data.
- Financial service delivery that may not be adapted to women businesses.

The financing gap exists because women led SMEs face different challenges in accessing finance for reasons related to cultural and social norms, collateral and skills/capacity. In addition to that, women's property rights are negatively reflected with entrepreneurship. Lack of collateral and recurring revenues also prevent women-led microfinances from graduating from group loans to individual loans of higher value. However, women have difficulties in providing immovable collateral, often due to existing land and property right regimes and cultural norms that discriminate against them. In many developing countries, including Georgia, banks often prefer to use immovable assets, such as land and buildings, as security interests, and women have less access to such assets.

Financial service delivery may not be adapted to women businesses: A financial service is deemed appropriate when it is safe, reliable, convenient and cost effective. Yet in some jurisdictions, financial services that are made available for women-led SMEs, especially in rural areas (and the informal sector) tend to be limited and mostly inadequate for the specific needs women. In general, the inadequacy of these services and products can be explained by a lack of customization of financial services and products for women, resulting from poor client segmentation in the product design process. Biases against women-led SMEs are common among loan officers, and bank branches are often not a welcoming environment for women entrepreneurs. Banks also have limited opening hours and customer outreach does not take women's needs into account. There are other reasons why financial services may not be appropriate for women, some of them outlined above. Lack of opportunity to gain higher levels of financial and digital literacy among women can lead to a perceived lack of need, distrust, or poor understanding of economic empowerment.

The availability of gender-disaggregated statistical data is important for evidence-based policy development and implementation. Since women of different socio-economic statuses have different needs, it is important to improve the collection of sex-disaggregated socio-economic indicators at both central and local levels. This is an important prerequisite for developing and implementing socio-economic policies tailored to the needs of economically vulnerable women.

3.3/ Resources Required to Achieve the Expected Results

The total required funding for activities of this project amounts to 5,487,206 USD divided across different outputs and other costs in the following manner:

Output	Amount (EUR)	Amount (USD)
Output 1	1,587,500	1,694,237
Output 2	973,300	1,038,741
Human Resources	1,175,610	1,254,653

Travel	48,600	51,868
Equipment and supplies	52,680	56,222
Project office	192,000	204,909
Other costs, services	263,310	281,014
EstDev - 1 contract	519,000	553,895
GMS, EU 7%	350,000	373,533
TOTAL COST	5,162,000	5,509,072

Calculations for each output reflect the use of all key inputs such as core staff, international and local technical expertise, office in Tbilisi, equipment, goods and services, as well as works (within project components), travel costs, and building partnerships with various stakeholders both in Georgia and abroad. Required material and human resources, are listed below and under chapter VIII Governance and Management Arrangements. Respective costs are spelled out in the detailed budget.

Project Office Costs. The Project will cover all costs required to implement all project activities, as listed in Budget for the Project.

The project will have a project office will be located in Tbilisi. The Project budget includes the following costs for the office:

- Vehicle running costs: vehicle maintenance, insurance, fuel and monthly depreciation of existing UNDP projects vehicle.
- Office Rent (UNDP): costs from the budget line will cover 40% of the costs for joint projects' office (shared premise with other UNDP ED Portfolio Projects).
- Consumables - office supplies (UNDP): costs from the budget line will cover following costs - stationery, telecommunication and other monthly costs for the project office.
- Other services (waste separation and utilization, tel/fax, electricity/heating, maintenance): costs for waste separation and utilisation, communication, utilities, shared with other UNDP Projects under joint office premises.
- Office cleaning services: cleaner will be responsible for cleaning of the office premises, including washing, sweeping, dusting, vacuum-cleaning and polishing of the project office premises. (50 percent of the time).

Following travel costs will be allocated from the project budget:

- International travel: international travel of the beneficiary institution's representatives, Project staff for the exchange visits and the travel of the international consultants engaged in the action to arrive to Georgia for mission, trainings, consultancy, etc ; Activities 1.1; 1.4
- Local transportation: rental of transportation (bus/minivan/etc.) for transporting the trainings/seminar/events participants to the event venue.

Per diem for travel of the staff assigned to the project:

- Abroad: includes the per diem for project staff and beneficiaries' travel abroad to participate in the study/exchange visits within the activities 1.1; 1.4
- Local: includes project staff per diem for travel to regions within Georgia while organizing events, trainings, etc., outside Tbilisi (all activities).

Equipment and supplies costs will be allocated in the Action budget:

- Furniture and Computer equipment: cost of 12 sets of IT equipment - 5 laptops, 2 printers and 5 set of furniture for project offices and respective supply/maintenance expensed for 4 years

- Vehicle: 1 vehicle

Additionally, project budget includes costs for publications, studies/research, evaluations, translation/interpreters, conferences/seminars.

3.4/ Partnerships

The project is closely linked to a number of activities supported by international donors and implementing agencies in Georgia, especially other implementers of the EU funded DCFTA-SMEs programme, including **World Bank and GIZ**. The intention is to maintain regular communication and collaboration between the UNDP and World Bank Georgia. This will be further explored and developed during the Inception Phase but may take the form of quarterly meetings between the respective Project Teams. Close cooperation will be also established with GIZ/Czech project “Better goods and services”, especially in the areas related to development of standards and certifications.

The project also will join efforts to accelerate cross-sector and cross-program complementarity by focusing its assistance on areas where it has most added values, complementing the activities of others and avoiding parallel processes where, for example, public or donor-funded programmes exist or are being developed. Opportunities for cooperation with relevant donor-funded programmes will be used where deemed appropriate - systematic information exchange as a minimum, with coordination of responses and common approaches to support interventions being the ultimate goal. The project will be supportive of wider donor and country-led coordination related to rural development.

UNDP will participate in steering structures established for the EU funded DCFTA-SME programme and coordinate with all other implementers. The most relevant other projects and programmes are highlighted below.

The European Union’s assistance to Georgia under EU4Business umbrella initiative has supported 34,634 SMEs and created 15,643 jobs in Georgia in 2021. The action is directly linked to EU4Business project’s key priorities, such as Access to Finance, Business Development Services, and facilitating Business Enabling Environment. Synergies and complementary with EU4Youth, EU4Gender Equality, EU4Jobs and EU4Digital projects will be instrumental for proposed project as well. Close coordination will be ensured also with implementing partners of any upcoming EU financed projects for support to the implementation of the DCFTA and SME development in Georgia.

Austrian Development Cooperation (ADC) in Georgia aims at supporting the country in sustainable rural development and improved livelihood opportunities and in inclusive local development and developing effective institutions. In light of these thematic priorities, especially under objectives of: Enhanced local value added through rural economic diversification and improved access to efficient infrastructures, services and markets; and increased employment opportunities, in particular for women and youth, proposed project will have close interlinkages and will strengthen the impact of activities related to regional youth-led SMEs support and support of disadvantaged groups.

Active cooperation and coordinated action with **Swiss Cooperation Office (SDC)** for the South Caucasus (SCO) is indispensable. SDC projects, such as Rural Small and Medium Enterprises Development (RSMED), Women’s Economic Empowerment in the South Caucasus (WEE), Local Economic Development program and Market Alliances for Rural Development, will be providing opportunities to engage in actions related to inclusive growth

GIZ is supporting economic development and employment in Georgia. For example, the project Private Sector Development and Vocational Education and Training in the South Caucasus aims to support sectors with a high employment potential. With this GIZ program, the project can exploit opportunities from the results of Private Sector Promotion, as it promotes economic development institutions, clusters, selected companies and government institutions to improve the competitiveness of relevant sectors and develop sustainable business models.

This project will actively coordinate with **Swedish International Development Cooperation Agency (SIDA)**’s programme works in Georgia, especially with SIDA’s initiatives of Alignment with EU rules (on SMEs capacity building activities) and Increased Export Opportunities (on enabling SMEs financing activities with focus on women entrepreneurs).

USAID’s extensive development assistance means that project coordination will be sought for better effectiveness and results. USAID’s Economic Security Program is scheduled to end in the near future, but this project can capitalise on

development of value chains and enhancement of the viability of SMEs. With another new 5-years project of the USAID: Resilient Communities Activity (RCA), the project will seek cooperation in the areas of: linking regional SMEs to international markets. It will be important also to coordinate with Business Development Service Program for SMEs financing and Industry-Led Skills Development Programme of USAID, especially with its interventions for development of short and long-term industry-led learning programs that exporting SMEs are in need. Furthermore, the upcoming USAID Green Economy and Agriculture Trade Programs will offer a number of avenues for cooperation.

This project is designed to leverage IFI investment opportunities so collaboration with EBRD would provide support to local private sectors and connecting to new markets. EBRD's Small Business Impact Fund (SBIF) is one of the initiatives proposed action can seek synergies, as SBIF aims to strengthen competitiveness and resilience of SMEs.

Team Europe approach

UNDP will follow the 'Team Europe approach' which means joining forces so that EU countries' joint external development actions become more than the sum of their individual parts. It stresses the need to work together and pooling European resources and expertise, so as to deliver more effectiveness and greater economic, social, environmental, etc. impact. UNDP intends to engage fully with the Team Europe approach, so as to consolidate both funding streams and best EU practice for delivery the results of the proposed action in Georgia.

By teaming up with the Estonian Centre for International Development (ESTDEV), the project will leverage high level expertise in export development, as well as Estonian know how. ESTDEV brings to the project Estonia's knowledge and experience in implementing programmes in Estonia as well as Eastern Partnership countries (Ukraine, Georgia, Moldova, Belarus, Armenia, Kyrgyzstan and North Macedonia) in relation to digital transformation, promoting SMEs, etc. ESTDEV will ensure institutional engagement of Estonian institutions responsible for private sector development and competitiveness. ESTDEV will be represented at the project steering format and will have permanent interlocutor for the project related communication with EUD. For implementation of this project UNDP and ESTDEV will sign respective agreement outlining ESTDEV mandate and obligations.

ESTDEV will be engaged in implementation of the project activities to support Enterprise Georgia in:

- expanding and improving the effectiveness Georgian SMEs' participation in international trade fairs, exhibitions, and B2B networking events. This includes coaching services for improved preparation and follow-up (after international trade fairs, exhibitions, and B2B networking events activities of Enterprise Georgia).
- export advisory education services, a special national programme will be developed that will enable 'less advanced' (to be defined jointly with Enterprise Georgia) SMEs to become exporters through provision of comprehensive individual consultancy services (e.g., how to respond to market intelligence, how to pitch the products to potential customers, how to organize logistics and transport, how to get the company ready for exporting to the EU, etc.
- deliver specific measures to support target sectoral value chains/clusters to promote their export to the EU.

3.5/ Risks and Assumptions

The table below presents risks and assumptions for project:

Description	Date identified	Political Type	Probability/ Impact	Counter measures / Management response	Assumptions	Owner
1/Reluctance or inability of stakeholders (e.g., sectoral business associations) to fully cooperate	10.10.2023	Organizational	I=4 (high) P=2 (low)	Having effective stakeholder identification and analysis; communication; relationship-building; development of clear engagement strategies.	Key stakeholders' successful cooperation, and full commitment for effective implementation of SMEs export support activities.	Project Manager/ Project Team
2/High turnover of Enterprise Georgia's staff and management will	10.10.2023	Political and organizational	I=3 (medium) P=2 (low)	Effective planning and delivery of support measures with due consideration of	Government of Georgia remains committed to	Project Manager/ Project Team

Description	Date identified	Political Type	Probability/Impact	Counter measures / Management response	Assumptions	Owner
decrease effectiveness of cooperation for export assistance and value chains strengthening measures				Enterprise Georgia's staff change/turnover.	reforms and implementation of the key policies, incl. SME Development Strategy.	
3/SMEs entering a new market without adequate research, leading to low demand, social-cultural challenges, and market saturation	10.10.2023	Organizational and financial	I=3 (medium) P=2 (medium)	Project will support SMEs to conduct thorough market research to understand customer preferences, market dynamics, and competition, including specific needs of women.	Active cooperation of SMEs, making the most out of the interventions delivered.	Project Manager/ Project Team
4/SMEs low/non-compliance with export regulations, customs requirements, or intellectual property laws, leading to legal disputes, penalties, reputational damage and inability to sustain exports.	10.10.2023	Organizational	I=3 (medium) P=2 (medium)	Project will support SMEs to stay updated on trade laws, export regulations, and customs procedures.	Active cooperation of SMEs, making the most out of the interventions delivered.	Project Manager/ Project Team
5/Inadequate production capacity, supply chain disruptions, or logistical challenges, hindering export by SMEs	10.10.2023	Organizational	I=3 (medium) P=2 (medium)	Project will support SMEs to assess and strengthen operational capabilities before starting/expanding exports. Project will also facilitate development of contingency plans for supply chain disruptions and to optimize logistics and distribution channels to ensure efficient delivery.	Active cooperation of SMEs, making the most out of the interventions delivered.	Project Manager/ Project Team
6/Unequal and nonmeaningful participation and access to the services of women-led or women-owned SMEs	05.12.2023	Organizational	I=3 (medium) P=2 (medium)	Project will support the equal participation of women-led and women-owned SMEs, through gender responsive approaches and needs-based solutions.	Active cooperation of SMEs, making the most out of the interventions delivered.	Project Manager/ Project Team

Physical risks: There are no physical risks envisaged within this project. For projects that aim to strengthen SMEs employment, UNDP will ensure compliance with national labour and occupational health and safety laws, with obligations under international law. Occupational health and safety issues will be integrated in capacity building programmes.

Environmental risks: there are no environmental risks expected from the implementation of this project. Moreover, project will support Georgian SMEs to comply with the EU's environmental compliance requirements for trade on the EU market.

Political risks may be expected from the potential change due to parliamentary elections in Georgia, scheduled for late 2024. However, the binding international obligations and agreements, including Association Agreement between the EU and Georgia, and DCFTA is expected to be respected by any government of Georgia.

Economic risks: some economic risks may be associated with fluctuations in exchange rates between the Georgian Lari and the Euro that can affect the profitability of exports. Economic downturns or recessions in the EU may also lead to a decrease in consumer demand, affecting the market for Georgian exports. Furthermore, disruptions in global supply chains, e.g., due to geopolitical events, can impact the availability and cost of inputs for Georgian SMEs.

Social risks: Limited access to capital significantly restricts women's entrepreneurial opportunities. There is no direct discrimination of women with regards to eligibility for loans in Georgia, however, various social and cultural factors mean that obtaining credit to start or support a business is significantly more difficult for women than for men.

Detailed, full risk log is provided as Annex 1.

3.6/ Stakeholder Engagement

UNDP, as a long-standing partner in promotion of inclusive and sustainable growth in Georgia, has the advantage of benefiting from continuous engagement with all key stakeholders and the first-hand knowledge of their challenges and needs, development objectives and potential responses. As a result, all activities envisaged by this project, their content, intended outcomes and final benefits are fully in line with the needs and expectation of the key actors and target groups. Project target groups/intended final beneficiaries of this project include state and local government institutions, businesses, CSOs (e.g., Eastern Partnership Civil Society Forum), community groups and general population with a special focus on women, youth, and other vulnerable groups. The project will strengthen aspects of the national and local SME ecosystems in Georgia. The key stakeholders are set out below.

Key Governmental counterparts relevant to this action

Ministry of Economic and Sustainable Development (MESD): has policy responsibility for **SMEs, export, FDI, innovation, etc.**, including the key relevant strategies, such as for SME development.

Enterprise Georgia (EG): the **key institutional partner** for this project focuses on SMEs operating in industrial sectors and has three main directions: business development (including SMEs), export support and FDI promotion. The export support component of EG prioritises the EU Single Market through activities such as International exhibitions, trade missions, connecting foreign buyers with Georgian producers, www.tradewithgeorgia.com platform, info on export procedures, tariffs, education and training and Export Assistance Programme (product certification, branding, stimulating international sales), etc.

Georgian National Agency for Standards and Metrology (GEOSTM): GEOSTM provides industry and SMEs with services to access quality metrology and standardisation services of international standard. It is essential for the export aspirations of Georgian SMEs.

Georgian National Agency for Competition: responsible for implementation of competition policy, creation and protection of conditions for promotion of competition in Georgia and for this prevention and elimination of all types of anti-competitive agreements and actions.

Business Ombudsman of Georgia: this body is supervising protection of rights and legitimate interests of SMEs, by identifying and reacting to the problems that SMEs are facing.

The Permanent Parliamentary Gender Equality Council: responsible body for consolidating policymaking in the field of Gender Equality and Women's Empowerment. The Commission serves as a platform to design, execute, monitor, evaluate, advocate and mobilize support for policies that promote the advancement of women and girls in Georgia. With the support of UNDP, Gender Equality Council of Parliament of Georgia initiated and approved the state concept of Economic Empowerment of Women, which is also related to the priorities determined by the Georgia-EU association agenda.

Key Active Private and NGO stakeholders relevant to this project

Georgian Chamber of Commerce and Industry (GCCCI - 1,600+ members; 80% SMEs): offers vocational education, issues certificates of origin, legal consulting and arbitration, consultation on FTAs, Find a partner, internationalization in Organic Food, Creative Industries, Textiles, Tourism and Winemaking.

Export Development Association (EDA - approx. 100 members): helps Georgian businesses grow and diversify their exports through advocacy, advice and promotion.

Georgian Manufacturers' Association (GAM): represents the interests of all manufacturing companies in Georgia in areas of public policy, legislation and regulation.

Various associations exist such as the **Georgian Small and Medium Enterprises Association (GSMEA)** with 3,700+ members, **Association of Women Entrepreneurs (AWE)**, which promotes women entrepreneurs in Georgia and abroad, **Women for Tomorrow**, which works strengthen the role of women in the process of economic development by creating an empowering network of women business leaders and employing the synergy of collaboration of its members, **SME Development Association (SMEDA)**, **Georgian Logistics Association (GLA)**, **Georgian Cold Storage and Logistics Association**, **E-Commerce Association of Georgia**, **Georgian Heritage Crafts Association**.

Others includes the **Georgian Employers Association (GEA)** with 2,000+ members and regional offices, **Private Sector Development Advisory Council (PSDAC)**, led by MoESD, uniting representatives of public sector, businesses, business associations and CSOs (supported by UNDP), **DCFTA Advisory Group**, which strengthens public-private dialogue and engages business sector and CSOs in the DCFTA implementation process. There are also **established clusters / value chains** such as furniture, manufacturing, packaging, as well as potential new /value chains that can be supported (e.g., toys, apparel, creative industries, mineral water and beverages, high education services, IT, etc.).

All the above, especially **SMEs**, will **benefit from the project**. The full range of national, regional and local beneficiaries will be finalised during the Inception Phase.

3.7/ South-South and Triangular Cooperation (SSC/TrC)

The Project will generate unique experience and knowledge relevant to the countries from the South Caucasus and EaP. The Project will follow the practice recommended by the Framework of Operational Guidelines for United Nations Support to South-South and Triangular Cooperation by:

- developing and disseminating knowledge, products,
- establishing partnerships and networking,
- implementing targeted exchange and learning measures

The Project will produce different evidence (such as written knowledge and information products) which will accumulate valuable evidence, information and analysis of challenges of SMEs growth and export promotion, value chains development and lessons learned. The knowledge products will be distributed through internet webpages, including rural development network channels that the Project will support. The Project will contribute to building institutional relationships between different public and non-government institutions and stakeholders from the South Caucasus and EaP countries. Different study tours, exchange visits, as well as workshops and conferences will be implemented for outreach of policy makers and development agents. Project will follow the 'Team Europe approach', so as to consolidate both funding streams and best EU practice for delivery the results of the project in Georgia. By teaming up with the Estonian Centre for International Development (ESTDEV), the project will leverage high level expertise in export development, as well as Estonian know-how. ESTDEV brings to the project Estonia's knowledge and experience in implementing programmes in Estonia as well as Eastern Partnership countries.

3.8/ Digital Solutions⁹

The project will use digital solutions to support SMEs across wide range of activities. This will (illustratively) include provision of targeted grants for SMEs to cover the costs of special export needs (e.g., branding, digitalization) of 'less advanced' SMEs. Project will also support SMEs in development of their trade fair utilization strategies, which will include digital marketing measures. Under technical assistance, project will help SMEs to develop their e-commerce, digital marketing and logistics, though tailored trainings on e-commerce platforms and digital marketing tools to reach a wider audience in the EU market. Additionally, the project will support the equal access of digital solutions for women, as digital literacy is a challenge.

3.9/ Knowledge

Some of the specific knowledge products that will be produced by the project include:

- Assessments to identify needs and constraints for international market positioning for SMEs in the target sectors.

⁹ Please see the *Guideline "Embedding Digital in Project Design"*.

- Value-chain assessments of selected sub-sectors to inform further technical and financial assistance.
- Desk-review, analyses and benchmarking to European/international export promotion best practices and local initiatives.
- Capacity assessment of Enterprise Georgia to support their operational development needs.
- Periodic thematic publication to highlight the SMEs achievements, disseminate success stories, key updates, etc.

Needs-assessments and studies will be conducted in concrete activities for evidence-based decisions and implementation.

3.10/ Sustainability and Scaling Up

UNDP interventions aim to support national and local government institutions in strengthening their policymaking and administration capacities. Each initiative is implemented in a way that aims to maximize the sustainability of results. It has been proven that ownership among stakeholders is vital for an initiative's sustainability. UNDP's key strategy has always been to ensure that the national and local counterparts are the genuine owners and drivers of different initiatives. Consequently, the project will actively engage partner and beneficiary organizations in planning and implementing all project activities to enhance the national authorities' (duty-bearers') ownership over the project interventions and thus pave the way for smooth transfer/up-scale of relevant project activities in the future.

Financial sustainability will be achieved by optimizing project operations to fit the existing legal and institutional framework. The project will prioritize cost-effective models of services and projects to ensure their sustainability beyond project lifetime. **Policy and technical (capacities) level sustainability** will be facilitated through the transmission of full ownership on the project results to MoESD and key stakeholders.

The Project will involve relevant stakeholders from the outset, including SMEs, industry associations, government agencies, financial institutions, and trade organizations and seek their inputs and collaboration to ensure their active participation and ownership of the project. This includes encouragement of continuous feedback and adapting the project based on their needs and suggestions.

Furthermore, by enhancing the capabilities of SMEs and strengthening value chains (workshops, seminars, mentoring, and coaching), project will help SMEs to develop their long-term export readiness, including market research, product development, quality control, logistics, and compliance with international standards.

Project will also advocate for supportive policies and programs that promote SME export development. To this end, the project will engage with government agencies to streamline export procedures, propose advanced solutions for SMEs that are export oriented. The Project will stay agile and adaptable to changing circumstances and emerging trends - it will regularly review and update the project's activities and interventions to address new challenges and market dynamics, as well as fostering innovation and encouraging SMEs to embrace sustainable practices in their export operations.

IV. PROJECT MANAGEMENT

4.1/ Cost Efficiency and Effectiveness

The project activities will be implemented coherently based on the logical sequence to achieve the indicators set in the Logical framework. At initial step various needs-assessments and studies will be conducted to identify the most effective approaches. UNDP will ensure that ESIDEV implements its mandate effectively, using for detailed planning of its activities all available information, resources, access to stakeholders, government institutions and municipalities, as well as other donors and projects implementers. UNDP will apply mix of service providers (companies and national and international consultants) for implementing the planned activities. Wherever possible and needed, the project will use the competencies and technical skills within the mandated government institutions and other national agencies to implement project activities. Among these institutions is Enterprise Georgia, which will have special role in implementing the project activities. UNDP will apply tools for ensuring high-cost effectiveness, incl.:

- Needs-based planning of technical assistance SMEs.
- Comprehensive and holistic planning of the technical assistance and financial support interventions (incl. grants to SMEs).

- Effective monitoring and evaluation systems design and functioning.

Costs incurred for project implementation will focus only on those actions required to provide key support to stakeholders engaged in enhancing Georgian SMEs export growth to EU markets and strengthening value chains with strong growth and export potential in undertaking strategic interventions and achieve the results set under the proposed action and national SME Development Strategy for 2021-2025.

The project will strive to attain cost efficiency by sharing operational costs, such as office rent, logistics, etc. with other projects of UNDP's Economic development Portfolio.

4.2/ Project Management

The project activities cover whole country. UNDP will have one office in Tbilisi and will allocate team of professional staff who will be directly involved in the implementation, monitoring and evaluation of the project. The staff time allocated to the implementation of the project will be fully recorded. The team will consist of the Country Office Staff and the project staff. UNDP staff will provide support and quality assurance for smooth implementation for achieving the set results.

Country Office staff (Economic Development Team Leader, Programme Associate, Communications Analyst and Monitoring and Evaluation Specialist, HR Team Leader, Finance Analyst), who dedicate part of their time to this project throughout its duration, will keep the accurate record of the time dedicated to the project (timesheet), verified/approved by their supervisors on a monthly basis, and the project will be charged according to the actual time worked for the project, up to the maximum of the percentages specified above.

Project Governance and Management arrangements are described in more details, under chapter VIII.

V. RESULTS FRAMEWORK¹⁰

Intended Outcome as stated in the UNSDCF/CPD 2021-2025 Results and Resource Framework: Outcome 3: By 2025, all people without discrimination benefit from a sustainable, inclusive and resilient economy in Georgia.
Outcome indicators as stated in the CPD 2021-2025 Results and Resources Framework, including baseline and targets: Indicator 3.1.1: Number of new services introduced by providers within business development infrastructure, including innovations, ecosystem and formalizing informal enterprises. Baseline: Limited number of services; Target: At least 4 new services introduced Indicator 3.1.2: % of companies in selected clusters demonstrating at least 20% growth rate in turnover or export; Baseline: 2020: 0%; Target 2022: At least 70% Indicator 3.1.4: Proportion of women in managerial positions; Baseline: 36% (LFS, 2018); Target: 40% Applicable Output from the UNDP Strategic Plan 2022-2025: Output 1.3 Access to basic services and financial and non-financial assets and services improved to support productive capacities for sustainable livelihoods and jobs to achieve prosperity.
Project title and Atlas Project Number: Inclusive Access to Markets

¹⁰ UNDP publishes its project information (indicators, baselines, targets and results) to meet the International Aid Transparency Initiative (IATI) standards. Make sure that indicators are S.M.A.R.T. (Specific, Measurable, Attainable, Relevant and Time-bound), provide accurate baselines and targets underpinned by reliable evidence and data, and avoid acronyms so that external audience clearly understand the results of the project.

EXPECTED IMPACT	IMPACT INDICATORS ¹¹	DATA SOURCE	BASELINE (Value and reference year)	FINAL Target*	DATA COLLECTION METHODS & RISKS
1/ Increased sustainable inclusive economic growth with improved livelihoods and decent employments (more and better jobs) 2/ Increased and diversified trade in goods and services	1/ Export of goods and services as percentage of GDP (SDG 1.15) (EURF 1.16- OPSYS core indicator) 2/ Export concentration index (OPSYS core indicator)	World bank UNCTAD	Baseline for impact indicator 1 52.9% (2022) Baseline for impact indicator 2 0.233 (2022) ¹²	Target for impact indicator 1 55% (year 5) Target for impact indicator 2 0.20 (year 5)	N/A
EXPECTED OUTCOME	OUTCOME INDICATORS	DATA SOURCE	BASELINE (Value and reference year)	FINAL Target	DATA COLLECTION METHODS & RISKS
1/ Improved and inclusive access to EU markets of Georgian SMEs with strengthened value chains	1.1a Number of new (formal or informal) MSMEs linked to new value chains (national or international), disaggregated by sector and sex of MSME owner/head 1.1.b Number of companies (supported by project) that started/increased exports. 1.1.c Number of firms with access to financial services. disaggregated by: - type of service (access to loans, guarantees, banking services etc.) - modalities (electronic or face to face) - user type (sex of head of firm, age of head of firm, etc)	M&E data and implementation reports	1.1 – Baseline for indicator 1.1 (same unit of measure) 1.1.a 0 (2023) 1.1.b 0 (2023) 1.1.c 0 (2023)	1.1 – Target for Indicator 1.1 1.1.a at least 40 (year 5) 1.1.b at least 80 (year 5) 1.1.c at least 55 (year 5)	Government officials ensure a conducive environment, cooperative conditions and are open for further advancement of SME development (incl. export to the EU support) policy making, programming and institutional development.
EXPECTED OUTPUTS	OUTPUT INDICATORS ¹³	DATA SOURCE	BASELINE (Value and reference year)	FINAL Target	DATA COLLECTION METHODS & RISKS

¹¹ Impact indicators are included to provide information on the overall context, the project does not have direct effect on these indicators and their achievement is beyond project control.

¹² <https://unctadstat.unctad.org/datacentre/dataviewer/US.ConcentDiversIndices>

¹³ It is recommended that projects use output indicators from the Strategic Plan IRRF, as relevant, in addition to project-specific results indicators. Indicators should be disaggregated by sex or for other targeted groups where relevant.

<p>1.1 Output 1 related to Outcome 1 Increased export of Georgian SMEs to the EU market</p>	<p>1.1.1. Indicators to Output 1 1.1a Number of SMEs participated in trade fairs and B2B missions 1.1b Number of firms or individuals that utilise business development services supported by intervention, disaggregated by type of service, type of entity, firm size, and sex 1.1c Number of new or renewed conformity schemes-related [certifications/ accreditations/ approvals/ recognitions] obtained by supported [labs/ firms/ institutions] for their [products, services or systems] (OPSYS core indicator) 1.1d Number of trade leads/deals are generated for Georgian SMEs. 1.1e Number of SMEs receive capacity development assistance for exporting to the EU. (disaggregated by type of entity, firm size, and gender of entity's head/owner) 1.1f Number of SMEs (which start to export to the EU from all sectors) that receive targeted grants related to capacity development for exporting to the EU. (disaggregated by type of entity, firm size, and gender of entity's head/owner) 1.1g Number of Micro, Small and Medium Enterprises applying Sustainable Consumption and Production practices with EU support (GERF 2.6/ EURF 2.20)</p>	<p>M&E data and project implementation reports</p>	<p>1.1. Baseline for indicators 1.1a 0 (2023) 1.1b 0 (2023) 1.1c 0 (2023) 1.1d 0 (2023) 1.1e 0 (2023) 1.1f 0 (2023)</p>	<p>1.1. Target for Indicators (year 5) 1.1.a At least 10 SMEs participate in 15 B2B missions. 1.1.b At least 150 SMEs (or individuals) utilise business development services supported by intervention, disaggregated by type of service, type of entity, firm size, and sex 1.1.c At least 50 new or renewed conformity schemes-related [certifications/ accreditations/ approvals/ recognitions*] obtained by SMEs for their [products, services or systems**] 1.1.d At least 25 trade leads/deals are generated for Georgian SMEs. 1.1.e At least 30 SMEs receive capacity development assistance for exporting to the EU. (disaggregated by type of entity, firm size, and gender of entity's head/owner) 1.1.f At least 25 SMEs that receive targeted grants related to capacity development for exporting to the EU (disaggregated by type of entity, firm size, and gender of entity's head/owner) 1.1.g At least 10 MSMEs applying Sustainable Consumption and Production practices with EU support</p>	<p>Critical mass of sectoral SMEs exists to promote further increase of export sales and advancement of the competitiveness. Active cooperation of SMEs, making the most out of the interventions delivered.</p>
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<p>1.2 Output 2 related to Outcome 1 Strengthened value chains with strong growth and export potential</p>	<p>1.2. Indicators to Output 2 1.2a Number of target sectors identified with high growth and export potential. 1.2b Number of value chain analysis conducted for target sectors. 1.2c Number of firms or individuals that are aware and acquire business development services, disaggregated by sex or sex of firm owners/head 1.2d Number of SMEs (which expand export to the EU from selected value chains/sectors) that received targeted matching grants from project for advancing their export capacities to the EU</p>	<p>M&E data and project implementation reports</p>	<p>1.2. Baseline for indicators 1.2a 0 (2023) 1.2b 0 (2023) 1.2c 0 (2023) 1.2d 0 (2023)</p>	<p>1.2. Target Indicators to Output 2 (year 5) 1.2a At least 6 target sectors identified with high growth and export potential. 1.2b At least 4 value chain analysis conducted for target sectors. 1.2c At least 30 SMEs or individuals are aware and acquire business development services, disaggregated by sex or sex of firm owners/head 1.2d At least 30 SMEs, which expanded export to the EU from selected value chains/sectors, received targeted matching grants from project for advancing their export capacities to the EU</p>	<p>Critical mass of sectoral SMEs exists to promote further increase of export sales and advancement of the competitiveness. Active cooperation of SMEs, making the most out of the interventions delivered.</p>
<p>*Breakdown of final targets by yearly targets will be conducted at the inception of the project.</p>					

VI. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans:

A **results-based monitoring (RBM) system** will be established to generate data on the progress of the Action on a regular basis. Data will be used for programme steering, as well as for regular and annual progress reporting. All monitoring activities and plans shall be shared with the EUD in order to strengthen joint monitoring efforts. Monitoring and Evaluation of the Action will be conducted using the project-specific logical framework attached to the present description of the action. Reporting will be made on the results at impact, outcome and output levels, using the data and evidence from the sources of verification presented in the logical framework. UNDP implementation team will regularly update the indicators and other data in OPSYS system.

Reporting will be carried out through **annual Interim Progress and Final Reports** and will be based on evidence-based data collected and analysed using the internal M&E system, and, when relevant, other reliable sources of information. The project M&E system will be completed upon signing the contract, on the basis of the log-frame, including the establishment of a robust baselines and the regular collection and analysis of evidence and data and other information relevant to M&E purposes. Reporting will be based on progress as per annual implementation of **annual work plans**, to be submitted and approved by the EUD Georgia. The Action will support the establishment of the mechanisms required for **regular collection, analysis and reporting of evidence-based statistical data**, including baselines and impact measurement at beneficiaries' level, complementary materials including dedicated research, surveys, needs assessments, results snapshots, lessons learned initiatives, study tours, field and exchange visits, ad hoc evaluations and others. Dedicated M&E tools will ensure that specific information is available on the support and the impact of the project considering **gender aspects, youth, ethnic and other minority groups**.

Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action
Track results progress	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	Quarterly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by project management.
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Annually	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	At least annually	Relevant lessons are captured by the project team and used to inform management decisions.
Annual Project Quality Assurance	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	Bi-Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.

Monitoring Activity	Purpose	Frequency	Expected Action
Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision making.	At least annually	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.
Project Report	A progress report will be presented to the Project Steering Committee and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk long with mitigation measures, and any evaluation or review reports prepared over the period.	Annually, and at the end of the project (final report)	
Project Review (Project Board)	The project's governance mechanism (i.e., project steering committee) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Steering Committee shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	Specify frequency (i.e., at least annually)	Any quality concerns or slower than expected progress should be discussed by the Project Steering Committee and management actions agreed to address the issues identified.

Evaluation Plan¹⁴

After completion of the two years of implementation period the UNDP will commission external mid-term evaluation and close to its end external final evaluation in order to measure project achievements, assess sustainability of its results, identify best practices, and provide recommendations that may be used in the future programming. For this purpose, dedicated M&E tools will ensure that specific info is available on the support and the impact of the project considering gender aspects, youth, people with disabilities, ethnic and other minority groups. The results of the external evaluations will be presented to the Steering Committee.

¹⁴ Optional, if needed

Evaluation Title	Partners (if joint)	Related Strategic Plan Output	UNSDCF/CPD Outcome	Planned Completion Date	Key Evaluation Stakeholders	Cost and Source of Funding
Mid-term external Evaluation	N/A	Output 1.3 Access to basic services and financial and non-financial assets and services improved to support productive capacities for sustainable livelihoods and jobs to achieve prosperity.	Outcome 3: By 2025, all people without discrimination benefit from a sustainable, inclusive and resilient economy in Georgia / r/Output 3.1: Improved competitiveness and social responsibility of private sector	November 2025	EJ, MoESD	Approx. cost: EUR 15,000 Source: Project budget
Final external Evaluation	N/A	Output 1.3 Access to basic services and financial and non-financial assets and services improved to support productive capacities for sustainable livelihoods and jobs to achieve prosperity.	Outcome 3: By 2025, all people without discrimination benefit from a sustainable, inclusive and resilient economy in Georgia / r/Output 3.1: Improved competitiveness and social responsibility of private sector	November 2027	EU, MoESD	Approx. cost: EUR 15,000 Source: Project budget

VII. MULTI-YEAR WORK PLAN (USD)^{15,16}

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year				RESPONSIBLE PARTY	PLANNED BUDGET		
		2024	2025	2026	2027		Funding Source	Budget Description	Amount USD
Output 1.1: Increased export of Georgian SMEs to the EU market Gender marker: GENZ	Activity 1.1 – Support Georgian SMEs to take full advantage of international trade fairs and B2B events to boost their sales to EU and European countries' markets.	72,038	72,038	72,038	64,034	UNDP	EU	72100/7-500	280,149
	Activity 1.2 – Financial and technical assistance of Georgian SMEs to increase access to EU and European countries' markets	48,559	48,559	48,559	41,089	UNDP	EU	71300/72100	186,766
	Activity 1.3 – Boost export trade deals with EU and European countries' through improved lead generation	48,559	128,068	128,068	36,820	UNDP	EU	72100	341,515
	Activity 1.4 – Empower Georgian SMEs to become exporters to the EU and European countries' markets	154,749	213,447	213,447	144,077	UNDP	EU	71300/72100	725,720
	Activity 1.5 - Other technical support to Enterprise Georgia	53,362	53,362	53,362		UNDP	EU	72100	160,085
Sub-Total for Output 1.1									1,694,237
Output 1.2: Strengthened value chains with strong growth and export potential	Activity 2.1 – Identify needs and constraints for international market positioning for SMEs in the target sectors.	119,744	0	0	0	UNDP	EU	71300/71200	119,744

¹⁵ Cost definitions and classifications for programme and development effectiveness costs to be charged to the project are defined in the Executive Board decision DP/2010/32

¹⁶ Changes to a project budget affecting the scope (outputs), completion date, or total estimated project costs require a formal budget revision that must be signed by the project board. In other cases, the UNDP programme manager alone may sign the revision provided the other signatories have no objection. This procedure may be applied for example when the purpose of the revision is only to re-phase activities among years.

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year				RESPONSIBLE PARTY	PLANNED BUDGET		
		2024	2025	2026	2027		Funding Source	Budget Description	Amount USD
Gender marker: GEN2	Activity 2.2 Co-design with private sector and Enterprise Georgia for specific services and support.	85,379	1,174	0	0	UNDP	EU	72100/71300	86,553
	Activity 2.3. Targeted support to value chains for increased trade linkages with EU market systems	34,370	291,515	296,515	37,151	UNDP	EU	72100	659,552
		35,000	50,000	45,000	42,892		UNDP		172,892
Sub-Total for Output 1.2									1,038,741
Evaluation (as relevant)	EVALUATION		16,014		16,014		EU		32,028
Estonian Center for International Development (EstDev) - 1 contract		160,085	160,085	160,085	73,639	ESTDEV	EU	72100	553,895
Management Costs (Salaries, Office costs, etc)		462,166	462,166	462,166	462,166		EU	71400/73400	1,816,638
General Management Support: fee EU (7%)		93,383.1	93,383.1	93,383.1	93,383.1		EU	75100	373,533
TOTAL									5,509,072

VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

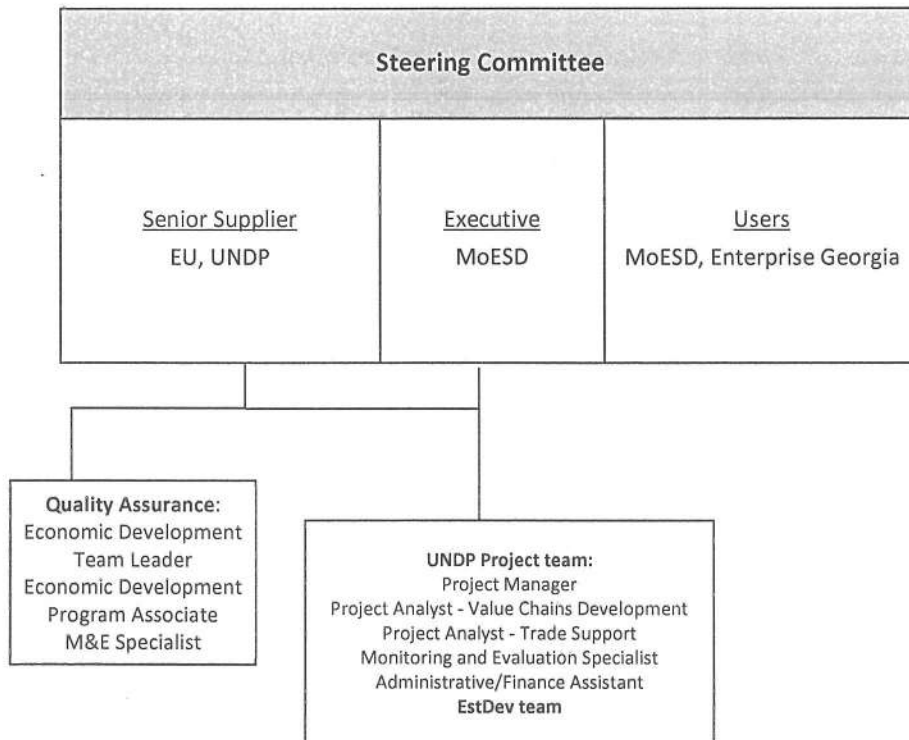
8.1/ Project Governance Arrangements

The action will be implemented by MoESD under the National Implementation Modality (NIM) with full UNDP Country Office support. UNDP will be responsible for the execution of all the activities and provision of inputs, including implementation of all support services and management of all project funds. The Action activities will be steered by the Steering Committee per UNDP procedures and requirements including the One UN approach with consideration Team Europe approach:

- MoESD will represent the Executive for this Action, and will ensure ownership and upscale, high value for money, balancing the demands of beneficiary and suppliers.
- UNDP and the European Union will assume the role of the Senior Suppliers and provide resources, skills and guidance to produce the outputs.
- MoESD, Enterprise Georgia will represent the Senior Beneficiaries/Users of the Action.

The Steering Committee will seek to engage relevant stakeholders and may invite external experts as observers for example from other UN bodies or EU Member State development agencies or professional organisations active in the domains of SME, trade support, private sector competitiveness.

The Steering committee is expected to provide overall guidance and decision-making support during all phases of action implementation. The Steering committee is proposed to meet every 12 months. Although meetings could be called by any of the members at any time to discuss any particular issue of concern. Steering of specific topics may happen through e-mail communication when needed. More details are provided in the SC TOR (annex 4).



8.2/ Project Management Arrangements

UNDP will allocate team of professional staff who will be directly involved in the implementation, monitoring and evaluation of the Action. The staff time allocated to the implementation of the Action will be dully recorded. The team will consist of the Country Office Staff and the project staff. UNDP staff will provide support and quality assurance for

smooth implementation for achieving the set results. UNDP will convey the administrative support services to the project implementation, implying undertaking administrative, financial, procurement and recruitment services according to its rules and regulations.

The key project management functions will be carried out by the Project Manager. Project management team will be composed as follows:

- **Project Manager (100%):** will provide administrative oversight and internal controls, coordination and supervision of institutional relations with concerned government institutions, representation of the project in relevant fora events, communication and reporting to the EU Delegation. The Manager will be responsible to ensure that project implementation is in line with the conditions set forth through the EU-UNDP agreement, and all UNDP rules and regulations are respected throughout project implementation.
- **Project Analyst (Value Chain Development) (100%):** will be responsible for project components targeting the beneficiary's value chains problems solution by improvement of quality management systems, mentoring and coaching, strategic investments support and others. S/he will provide support to the Project Manager in all the on-going project planning and implementation activities.
- **Project Analyst (Trade Support) (100%):** will be responsible for the action components targeting the beneficiary's trade supporting needs, access to EU markets and so on. S/he will provide support to the Project Manager in all the on going project planning and implementation activities.
- **Monitoring and Evaluation Specialist (30%):** will be responsible for the overall quality of analysis as well as M&E and lessons learned products, facilitation of impact measurement, mid-term and final external evaluation, knowledge building and sharing, guidance to all stakeholders on M&E matters. S/he will provide support to the Project Manager in all the on-going project planning and implementation activities.
- **Project Administrative and Finance Assistant (100%)** Project Admin/Finance Assistant. Will be responsible for technical support in financial, contractual and organizational matters.
- **Driver/logistician (40%)** provides driving and logistics support for projects staff, office, consultants, field missions.
- **Economic Development Team Leader (25%):** will provide overall quality assurance, oversight and monitoring of the project to ensure that the project produces the results (outputs) specified in the project document and compliant with the required standard of quality and within the specified constraints of time and cost. The ED TL will provide liaison support with counterparts as needed, oversee reporting (both for the EU delegation and internal UNDP reporting), provide additional analysis of risks and mitigation measures, ensure coherence and promote cooperation between this project and other relevant UNDP projects.
- **Economic Development Programme Associate (15%):** UNDP CO ED Programme Associate. Will be responsible for providing administrative advice and supporting project implementation from the Country Office. S/he will provide administrative, contractual and reporting related support to ensure compliance of administrative processes with respective UNDP rules and regulations.
- **UNDP CO Finance Analyst (10%):** will provide assistance and advice, as well as financial clearance to the project on finance related matters, such as, providing advice on expenses tracking, financial transaction, as well as project level reporting at CO level.
- **UNDP CO HR Team Leader (10%):** will provide assistance and advice, as well as final approval and clearance to the project on HR related matters, such as, assistance and approval of conducted recruitment processes as well as contracting of local and international expertise services. HR Team Leader also supports CO ED Team Unit in recruiting project staff at project start stage.
- **UNDP CO Communications Analyst (10%):** Will provide services on all communications-related matters and supports the project in the implementation of its Communication and Visibility Plan. S/he also will liaise directly with the communications team of the EU Delegation to Georgia.
- **UNDP CO Monitoring & Evaluation Specialist (5%):** will be responsible to track, monitor and evaluate project implementation progress based on logical framework as well as work plans; Report to the Project Management on the results of the monitoring and evaluation.
- **Local Experts:** the Action will have a heavy engagement of local experts for the following activities: 1.1; 1.2; 1.4; 2.2; 2.3; with a total estimated time of 200 days required.
- **International experts** will be heavily engaged in the project's following activities: 1.1; 1.2; 1.4; 2.2; 2.3 with a total estimated time of 100 days required.

Country Office staff (Economic Development Team Leader, Programme Associate, Finance Analyst, HR Team leader Communications Analyst and Monitoring and Evaluation Specialist), who dedicate part of their time to this project throughout its duration, will keep the accurate record of the time dedicated to the project (timesheet),

verified/approved by their supervisors on a monthly basis, and the project will be charged according to the actual time worked for the project, up to the maximum of the percentages specified above.

Role and Participation in the project of Responsible Party – ESTDEV

ESTDEV will be engaged in implementation of the project activities to support Enterprise Georgia in:

- Expanding and improving the effectiveness Georgian SMEs' participation in international trade fairs, exhibitions, and B2B networking events. This includes coaching services for improved preparation and follow-up (after international trade fairs, exhibitions, and B2B networking events activities of Enterprise Georgia).
- Export advisory education services, a special national programme will be developed that will enable 'less advanced' (to be defined jointly with Enterprise Georgia) SMEs to become exporters through provision of comprehensive individual consultancy services (e.g., how to respond to market intelligence, how to pitch the products to potential customers, how to organize logistics and transport, how to get the company ready for exporting to the EU, etc).
- Deliver specific measures to support target sectoral value chains/clusters to promote their export to the EU.

IX. LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the government of Georgia and UNDP, signed on 1-Jul-1994. All references in the SBAA to "Executing Agency" shall be deemed to refer to "Implementing Partner."

The project will be implemented by the Ministry of Economy and Sustainable Development ("Implementing partner") in accordance with its financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an Implementing Partner does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

X. RISK MANAGEMENT

1. Consistent with the Article III of the SBAA [*or the Supplemental Provisions to the Project Document*], the responsibility for the safety and security of the Implementing Partner and its personnel and property, and of UNDP's property in the Implementing Partner's custody, rests with the Implementing Partner. To this end, the Implementing Partner shall:

- a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
- b) assume all risks and liabilities related to the Implementing Partner's security, and the full implementation of the security plan.

2. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the Implementing Partner's obligations under this Project Document.

3. The Implementing Partner agrees to undertake all reasonable efforts to ensure that no UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism, that the recipients of any amounts provided by UNDP hereunder do not appear on the United Nations Security Council Consolidated Sanctions List, and that no UNDP funds received pursuant to the Project Document are used for money laundering activities. The United Nations Security Council Consolidated Sanctions List can be accessed via <https://www.un.org/securitycouncil/content/un-sc-consolidated-list>.

4. The Implementing Partner acknowledges and agrees that UNDP will not tolerate sexual harassment and sexual exploitation and abuse of anyone by the Implementing Partner, and each of its responsible parties, their respective sub-recipients and other entities involved in Project implementation, either as contractors or subcontractors and their personnel, and any individuals performing services for them under the Project Document.

(a) In the implementation of the activities under this Project Document, the Implementing Partner, and each of its sub-parties referred to above, shall comply with the standards of conduct set forth in the Secretary General's Bulletin ST/SGB/2003/13 of 9 October 2003, concerning "Special measures for protection from sexual exploitation and sexual abuse" ("SEA").

(b) Moreover, and without limitation to the application of other regulations, rules, policies and procedures bearing upon the performance of the activities under this Project Document, in the implementation of activities, the Implementing Partner, and each of its sub-parties referred to above, shall not engage in any form of sexual harassment (“SH”). SH is defined as any unwelcome conduct of a sexual nature that might reasonably be expected or be perceived to cause offense or humiliation, when such conduct interferes with work, is made a condition of employment or creates an intimidating, hostile or offensive work environment. SH may occur in the workplace or in connection with work. While typically involving a pattern of conduct, SH may take the form of a single incident. In assessing the reasonableness of expectations or perceptions, the perspective of the person who is the target of the conduct shall be considered.

5. a) In the performance of the activities under this Project Document, the Implementing Partner shall (with respect to its own activities), and shall require from its sub-parties referred to in paragraph 4 (with respect to their activities) that they, have minimum standards and procedures in place, or a plan to develop and/or improve such standards and procedures in order to be able to take effective preventive and investigative action. These should include: policies on sexual harassment and sexual exploitation and abuse; policies on whistleblowing/protection against retaliation; and complaints, disciplinary and investigative mechanisms. In line with this, the Implementing Partner will and will require that such sub-parties will take all appropriate measures to:

- i. Prevent its employees, agents or any other persons engaged to perform any services under this Project Document, from engaging in SH or SEA;
- ii. Offer employees and associated personnel training on prevention and response to SH and SEA, where the Implementing Partner and its sub-parties referred to in paragraph 4 have not put in place its own training regarding the prevention of SH and SEA, the Implementing Partner and its sub-parties may use the training material available at UNDP;
- iii. Report and monitor allegations of SH and SEA of which the Implementing Partner and its sub-parties referred to in paragraph 4 have been informed or have otherwise become aware, and status thereof;
- iv. Refer victims/survivors of SH and SEA to safe and confidential victim assistance; and
- v. Promptly and confidentially record and investigate any allegations credible enough to warrant an investigation of SH or SEA. The Implementing Partner shall advise UNDP of any such allegations received and investigations being conducted by itself or any of its sub-parties referred to in paragraph 4 with respect to their activities under the Project Document, and shall keep UNDP informed during the investigation by it or any of such sub-parties, to the extent that such notification (i) does not jeopardize the conduct of the investigation, including but not limited to the safety or security of persons, and/or (ii) is not in contravention of any laws applicable to it. Following the investigation, the Implementing Partner shall advise UNDP of any actions taken by it or any of the other entities further to the investigation.

b) The Implementing Partner shall establish that it has complied with the foregoing, to the satisfaction of UNDP, when requested by UNDP or any party acting on its behalf to provide such confirmation. Failure of the Implementing Partner, and each of its sub-parties referred to in paragraph 4, to comply of the foregoing, as determined by UNDP, shall be considered grounds for suspension or termination of the Project.

6. Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).
7. The Implementing Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.
8. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.
9. The Implementing Partner will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, responsible parties, subcontractors and sub-recipients in implementing the project or using UNDP funds.
10. In the implementation of the activities under this Project Document, UNDP places reasonable reliance upon the Implementing Partner for it to apply its laws, regulations and processes, and applicable international laws regarding anti money laundering and countering the financing of terrorism, to ensure consistency with the principles of then in force the UNDP Anti-Money Laundering and Countering the Financing of Terrorism Policy.
11. The Implementing Partner will ensure that its financial management, anti-corruption, anti-fraud and anti money laundering and countering the financing of terrorism policies are in place and enforced for all funding received from or through UNDP.
12. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to the Implementing Partner: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. The Implementing Partner agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at www.undp.org.
13. In the event that an investigation is required, UNDP has the obligation to conduct investigations relating to any aspect of UNDP projects and programmes in accordance with UNDP's regulations, rules, policies and procedures. The Implementing Partner shall provide its full cooperation, including making available personnel, relevant documentation, and granting access to the Implementing Partner's (and its consultants', responsible parties', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as

may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with the Implementing Partner to find a solution.

14. The signatories to this Project Document will promptly inform one another in case of any incidence of inappropriate use of funds, credible allegation of fraud or corruption or other financial irregularities with due confidentiality.

Where the Implementing Partner becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, the Implementing Partner will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). The Implementing Partner shall provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

15. UNDP shall be entitled to a refund from the Implementing Partner of any funds provided that have been used inappropriately, including through fraud, corruption or other financial irregularity, or otherwise paid other than in accordance with the terms and conditions of the Project Document. Such amount may be deducted by UNDP from any payment due to the Implementing Partner under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail the Implementing Partner's obligations under this Project Document.

Where such funds have not been refunded to UNDP, the Implementing Partner agrees that donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities under this Project Document, may seek recourse to the Implementing Partner for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud, corruption or other financial irregularity, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Note: The term "Project Document" as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors, and sub-recipients.

15. Each contract issued by the Implementing Partner in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from the Implementing Partner shall cooperate with any and all investigations and post-payment audits.

16. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.

17. The Implementing Partner shall ensure that all of its obligations set forth under this section entitled “Risk Management” are passed on to each responsible party, subcontractor and sub-recipient and that all the clauses under this section entitled “Risk Management Standard Clauses” are included, *mutatis mutandis*, in all sub contracts or sub agreements entered into further to this Project Document.

ANNEX 1: PROJECT RISK LOG

Project Title: Inclusive Access to Markets							Project Number: 01001330		Date: 20-Nov-23	
#	Event	Cause	Impact(s)	Risk Category and Sub-category	Impact, Likelihood & Risk Level	Risk Valid From, To	Risk Owner	Risk Treatment and Treatment Owner		
1	There is a risk that stakeholders (e.g., sectoral business associations) might be reluctant or unable to fully cooperate	Stakeholders may be constrained by limited resources, making it challenging for them to actively participate. This could include financial limitations, lack of manpower, or other resource-related constraints.	Which will impact in: Reduced effectiveness of initiatives; Delays in project timelines	7. STRATEGIC (7.3. Stakeholder relations and partnerships) - UNDP Risk Appetite: OPEN TO SEEKING	Likelihood: 3 - Moderately likely Impact: 3 - Intermediate Risk level: MODERATE (equates to a risk appetite of EXPLORATORY)	From: 20-Nov-23 To: 20-Nov-24	Project Manager	Risk Treatment 1.1: Regularly communicate project goals, benefits, and expectations to stakeholders. Risk Treatment Owner: Project Analyst Risk Treatment 1.2: Demonstrate reliability, consistency, and integrity in project activities. Risk Treatment Owner: Project Analyst Risk Treatment 1.3: Be adaptable to changing circumstances and feedback. Risk Treatment Owner: Project Manager		
2	There is a risk that Enterprise Georgia's staff and management have high HR turnover.	Economic/political conditions, or external factors can influence turnover rates.	Which will impact in decrease effectiveness of cooperation for export assistance and value chains strengthening measures	7. STRATEGIC (7.6. Change/turnover in government) - UNDP Risk Appetite: OPEN TO SEEKING	Likelihood: 3 - Moderately likely Impact: 2 - Minor Risk level: LOW (equates to a risk appetite of CAUTIOUS)	From: 20-Nov-23 To: 20-Nov-24	Project Manager	Risk Treatment 2.1: Timely and close collaboration with all relevant EG staff Risk Treatment Owner: Project Analyst		
3	There is a risk that SMEs will enter a new market without adequate research, leading to low demand, cultural challenges, and market saturation	SMEs may not have a thorough understanding of the new market, including its dynamics, consumer behaviour, and competitive landscape. This lack of knowledge can lead to misguided assumptions and decisions.	Which will impact financial losses for SMEs. Investments made in product development, marketing, distribution, and market entry may not yield the expected returns.	4. ORGANIZATIONAL (4.3. Implementation arrangements) - UNDP Risk Appetite: EXPLORATORY TO OPEN	Likelihood: 3 - Moderately likely Impact: 3 - Intermediate Risk level: MODERATE (equates to a risk	From: 20-Nov-23 To: 20-Nov-24	Project Manager	Risk Treatment 3.1: Provision of technical support to SME for relevant market research. Risk Treatment Owner: Project Analyst		

#	Event	Cause	Impact(s)	Risk Category and Sub-category	Impact, Likelihood & Risk Level	Risk Valid From/To	Risk Owner	Risk Treatment and Treatment Owner
4	There is a risk that SMEs will have low/non-compliance with export regulations, customs requirements, or intellectual property laws, leading to legal disputes, penalties, reputational damage and inability to sustain exports.	SMEs may lack awareness, or a deep understanding of the complex and evolving export regulations, customs procedures, and intellectual property laws associated with international trade. Resource constraints, both in terms of financial resources and specialized expertise, may limit the SME's ability to fully comprehend and comply with intricate regulatory frameworks.	Which will impact in limited the growth potential and market expansion for the SME, as well as high operational costs.	4. ORGANIZATIONAL (4.3. Implementations arrangements) - UNDP Risk Appetite: EXPLORATORY TO OPEN	Likelihood: 3 - Moderately likely Impact: 3 - Intermediate Risk level: MODERATE (equates to a risk of appetite EXPLORATORY)	From: 20-Nov-23 To: 20-Nov-24	Project Manager	Risk Treatment 4.1: Provision of technical assistance to SME (incl. regulatory compliance audits, capacity building, etc.) Risk Treatment Owner: Project Analyst
5	There is a risk that inadequate production capacity, supply chain disruptions, or logistical challenges, will hinder export by SMEs	Poor infrastructure, including outdated facilities, lack of technology integration, and insufficient transportation systems, can limit production capacity and create logistical challenges.	Which will impact in lost sales opportunities of SMEs.	4. ORGANIZATIONAL (4.3. Implementations arrangements) - UNDP Risk Appetite: EXPLORATORY TO OPEN	Likelihood: 3 - Moderately likely Impact: 3 - Intermediate Risk level: MODERATE (equates to a risk of appetite EXPLORATORY)	From: 20-Nov-23 To: 20-Nov-24	Project Manager	Risk Treatment 5.1: technical support to SMEs to develop and implement effective production capacity planning to ensure that production levels align with market demand. Risk Treatment Owner: Project Analyst
6	There is a risk that women-led or women-owned SMEs might not have equal and meaningful participation and access to the services	Women often face unique challenges related to balancing work and family responsibilities. This can impact their ability to commit fully to business activities and may influence their perceptions of their dedication and reliability.	Limited access to services and opportunities for women-led SMEs can contribute to wealth disparities. Unequal access to resources, markets, and financial support can perpetuate existing	4. ORGANIZATIONAL (4.3. Implementations arrangements) - UNDP Risk Appetite: EXPLORATORY TO OPEN	Likelihood: 3 - Moderately likely Impact: 3 - Intermediate Risk level: MODERATE (equates to a risk of appetite EXPLORATORY)	From: 05-Dec-23 To: 20-Nov-24	Project Manager	Risk Treatment 6.1: Project will support the equal participation of women-led and women-owned SMEs, through gender responsive approaches and needs-based solutions. Risk Treatment Owner: Project Analyst

#	Event	Cause	Impact(s)	Risk Category and Sub-category	Impact, Likelihood & Risk Level	Risk Valid From/To	Risk Owner	Risk Treatment and Treatment Owner
			economic inequalities between genders.		appetite of EXPLORATORY)			

ANNEX 2. DESIGN QUALITY ASSESSMENT

Procedure Year: 2023 Overall Project Risk Categorization: Satisfactory
Procedure Status: Approved Procedure Name: ASM-02376
Procedure Department: CO - Georgia - Tbilisi Procedure Type: Design

QA Questionnaire:

Strategic

Status: Complete

Quality Rating:
Highly Satisfactory

1. Does the project specify how it will contribute to higher level change through linkage to the programme's Theory of Change?

3: The project is clearly linked to the programme's theory of change. It has an explicit change pathway that explains how the project will contribute to outcome level change and why the project's strategy will likely lead to this change. This analysis is backed by credible evidence of what works effectively in this context and includes assumptions and risks.

2: The project is clearly linked to the programme's theory of change. It has a change pathway that explains how the project will contribute to outcome-level change and why the project strategy will likely lead to this change.

1: The project document may describe in generic terms how the project will contribute to development results, without an explicit link to the programme's theory of change.

*Note: Projects not contributing to a programme must have a project-specific Theory of Change. See alternative question under the information icon for these cases.

*Note: Risk management must be done for criteria with score of 1.

Evidence (Enter a short explanation or upload a document that provides evidence for your response)

Section 2/Strategy contains Theory of Change, which demonstrates how the project will contribute to the achievement of CPD outcome.

2. Is the project aligned with the UNDP Strategic Plan?

- 3: The project responds to at least one of the development settings as specified in the Strategic Plan and adapts at least one Signature Solution. The project's RRF includes all the relevant SP output indicators. (all must be true)
- 2: The project responds to at least one of the development settings as specified in the Strategic Plan. The project's RRF includes at least one SP output indicator, if relevant. (both must be true)
- 1: The project responds to a partner's identified need, but this need falls outside of the UNDP Strategic Plan. Also select this option if none of the relevant SP indicators are included in the RRF.

*Note: Risk management must be done for criteria with score of 1.

Evidence (Enter a short explanation or upload a document that provides evidence for your response)

Yes, the project is linked to SP 2022-2025 Output 1.3 Access to basic services and financial and non-financial assets and services improved to support productive capacities for sustainable livelihoods and jobs to achieve prosperity.

3. Is the project linked to the programme outputs? (i.e., UNSDCF/CPD, RPD or Strategic Plan IRRF for strategic interventions not part of a programme)

- YES
- NO

*Note: Project QA cannot be approved by Project QA Approver when the response is "No".

Evidence (Enter a short explanation or upload a document that provides evidence for your response)

Yes, the project is linked both to UNSDCF 2021-2025 and CPD 2021-2025 Outcomes and outputs (CPD Output 3.1)

Relevant Status: Complete Quality Rating: Satisfactory

4. Does the project identify target groups , and particularly those marginalized, vulnerable and left further behind (LNOB)

- 3: The LNOB target groups are clearly specified, prioritising discriminated, and marginalized groups left furthest behind, identified through a rigorous process based on evidence.
- 2: The LNOB target groups are clearly specified, prioritizing groups left furthest behind.

- 1: The LNOB target groups are not clearly specified.

*Note: Risk management must be done for criteria with score of 1. Projects that build institutional capacity should still identify targeted groups to justify support.

Evidence (Enter a short explanation or upload a document that provides evidence for your response)

The project will ensure the active participation of diverse stakeholders, including representatives from SMEs, local communities, and marginalized groups. Include their perspectives and experiences in decision-making processes to address potential human rights impacts.

5. Have knowledge, good practices, and past lessons learned of UNDP and others informed the project design?

- 3: Knowledge and lessons learned backed by credible evidence from sources such as evaluation, corporate policies/strategies and/or monitoring have been explicitly used, with appropriate referencing, to justify the approach used by the project.
- 2: The project design mentions knowledge and lessons learned backed by evidence/sources but have not been used to justify the approach selected.
- 1: There is little, or no mention of knowledge and lessons learned informing the project design. Any references made are anecdotal and not backed by evidence.

*Note: Risk management must be done for criteria with score of 1.

Evidence (Enter a short explanation or upload a document that provides evidence for your response)

Section 1/ Development context provided evidence-based analysis of the situation and problems faced by the country, though lessons of prior interventions are not mentioned, as they might not be directly related to this project.

6. Does UNDP have a clear advantage to engage in the role envisioned by the project vis-à-vis national / regional / global partners and other actors?

- 3: An analysis has been conducted on the role of other partners in the area where the project intends to work, and credible evidence supports the proposed engagement of UNDP and partners through the project, including identification of potential funding partners. It is clear how results achieved by partners will complement the project's intended results and a communication strategy is in place to communicate results and raise visibility vis-à-vis key partners. Options for south-south and triangular cooperation have been considered, as appropriate. (all must be true)
- 2: Some analysis has been conducted on the role of other partners in the area where the project intends to work, and relatively limited evidence supports the proposed engagement of and division of labour between UNDP and partners through the project, with unclear funding and communications strategies or plans.

1: No clear analysis has been conducted on the role of other partners in the area that the project intends to work. There is risk that the project overlaps and/or does not coordinate with partners' interventions in this area. Options for south-south and triangular cooperation have not been considered, despite its potential relevance.

*Note: Risk management must be done for criteria with score of 1.

Evidence (Enter a short explanation or upload a document that provides evidence for your response)

Section 3.4/ Partnerships offers overview of all international and national partners, which the project intends to cooperate with.

Principled

Status: Complete

Quality Rating:
Satisfactory

7. Does the project apply a human rights-based approach?

3: The project is guided by human rights and incorporates the principles of accountability, meaningful participation, and non-discrimination in the project's strategy. The project upholds the relevant international and national laws and standards. Any potential adverse impacts on enjoyment of human rights were rigorously identified and assessed as relevant, with appropriate mitigation and management measures incorporated into project design and budget. (all must be true)

2: The project is guided by human rights by prioritizing accountability, meaningful participation and non-discrimination. Potential adverse impacts on enjoyment of human rights were identified and assessed as relevant, and appropriate mitigation and management measures incorporated into the project design and budget. (both must be true)

1: No evidence that the project is guided by human rights. Limited or no evidence that potential adverse impacts on enjoyment of human rights were considered

*Note: Risk management must be done for criteria with score of 1.

Evidence (Enter a short explanation or upload a document that provides evidence for your response)

Project will encourage fair trade practices among SMEs by promoting ethical business conduct, fair wages, and safe working conditions and align with relevant international human rights standards and frameworks, such as the United Nations Guiding Principles on Business and Human Rights.

8. Does the project use gender analysis in the project design?

3: A participatory gender analysis has been conducted and results from this gender analysis inform the development challenge, strategy and expected results sections of the project document. Outputs and indicators of the results framework include explicit references to gender equality, and specific indicators measure and monitor results to ensure women are fully benefitting from the project. (all must be true)

- 2: A basic gender analysis has been carried out and results from this analysis are scattered (i.e., fragmented and not consistent) across the development challenge and strategy sections of the project document. The results framework may include some gender sensitive outputs and/or activities but gender inequalities are not consistently integrated across each output. (all must be true)
- 1: The project design may or may not mention information and/or data on the differential impact of the project's development situation on gender relations, women and men, but the gender inequalities have not been clearly identified and reflected in the project document.

*Note: Risk management must be done for criteria with score of 1.

Evidence (Enter a short explanation or upload a document that provides evidence for your response)

Gender analysis is provided in section 3.2/ Inclusiveness and Gender Equality.

9. Did the project support the resilience and sustainability of societies and/or ecosystems?

- 3: Credible evidence that the project addresses sustainability and resilience dimensions of development challenges, which are integrated in the project strategy and design. The project reflects the interconnections between the social, economic and environmental dimensions of sustainable development. Relevant shocks, hazards and adverse social and environmental impacts have been identified and rigorously assessed with appropriate management and mitigation measures incorporated into project design and budget. (all must be true)
- 2: The project design integrates sustainability and resilience dimensions of development challenges. Relevant shocks, hazards and adverse social and environmental impacts have been identified and assessed, and relevant management and mitigation measures incorporated into project design and budget. (both must be true)
- 1: Sustainability and resilience dimensions and impacts were not adequately considered.
- *Note: Risk management must be done for criteria with score of 1.
- Evidence (Enter a short explanation or upload a document that provides evidence for your response)**
- SESP has been conducted and no risks identified.
10. Has the Social and Environmental Screening Procedure (SESP) been conducted to identify potential social and environmental impacts and risks? The SESP is not required for projects in which UNDP is Administrative Agent only and/or projects comprised solely of the preparation and dissemination of reports and communication materials; organization of events, workshops, or training; strengthening capacities of partners to participate in international negotiations and conferences; partnership coordination (including UN coordination) and management of networks; and global/regional projects with no country-level activities as well as Development Effectiveness projects and Institutional Effectiveness projects. [If yes, upload the completed checklist. If SESP is not required, Select all exemption criteria that apply.]

- Yes
- No
- SESP not required because project consists solely of (Select all exemption criteria that apply)**

***Applicable only to option "SESP not required"**

- 1: Preparation and dissemination of reports, documents and communication materials
- 2: Organization of an event, workshop, training
- 3: Strengthening capacities of partners to participate in international negotiations and conferences
- 4: Partnership coordination (including UN coordination) and management of networks
- 5: Global/regional projects with no country level activities (e.g. knowledge management, inter-governmental processes)
- 6: UNDP acting as Administrative Agent
- 7: Development Effectiveness projects and Institutional Effectiveness projects

*Note: Project QA cannot be approved by Project QA Approver when the response is "No".

Evidence (Enter a short explanation or upload a document that provides evidence for your response)
SESP has been conducted and is provided in Annex 3 of the prodoc.

Management & Monitoring

Status: Complete

Quality Rating:
Satisfactory

11. Does the project have a strong results framework?

- 3: The project's selection of outputs and activities are at an appropriate level. Outputs are accompanied by SMART, results-oriented indicators that measure the key expected development changes, each with credible data sources and populated baselines and targets, including gender sensitive, target group focused, sex-disaggregated indicators where appropriate. (all must be true)

2: The project's selection of outputs and activities are at an appropriate level. Outputs are accompanied by SMART, results-oriented indicators, but baselines, targets and data sources may not yet be fully specified. Some use of target group focused, sex-disaggregated indicators, as appropriate. (all must be true)

1: The project's selection of outputs and activities are not at an appropriate level; outputs are not accompanied by SMART, results-oriented indicators that measure the expected change and have not been populated with baselines and targets; data sources are not specified, and/or no gender sensitive, sex-disaggregation of indicators. (if any is true)

*Note: Risk management must be done for criteria with score of 1.

Evidence (Enter a short explanation or upload a document that provides evidence for your response)

The project logframe contains SMART indicators, disaggregated by gender, wherever applicable.

12. Is the project's governance mechanism clearly defined in the project document, including composition of the project board?

3: The project's governance mechanism is fully defined. Individuals have been specified for each position in the governance mechanism (especially all members of the project board.) Project Board members have agreed on their roles and responsibilities as specified in the terms of reference. The ToR of the project board has been attached to the project document. (all must be true)

2: The project's governance mechanism is defined; specific institutions are noted as holding key governance roles, but individuals may not have been specified yet. The project document lists the most important responsibilities of the project board, project director/manager and quality assurance roles. (all must be true)

1: The project's governance mechanism is loosely defined in the project document, only mentioning key roles that will need to be filled at a later date. No information on the responsibilities of key positions in the governance mechanism is provided.

*Note: Risk management must be done for criteria with score of 1.

Evidence (Enter a short explanation or upload a document that provides evidence for your response)

The Project Board functions and roles is described in section 8.1/ Project Governance Arrangements. Besides, details of Board functioning is provided in a separate Board TOR, attached as Annex 4.

13. Have the project risks been identified using the risk assessment tools (Project Quality Assurance, Social and Environmental Screening Procedure, Partner Capacity Assessment Tool, Harmonized Approach to Cash Transfer, Private Sector Due Diligence, etc., if applicable), with clear plans stated to manage and mitigate each risk?

- 3: Project risks related to the achievement of results are fully described in the project risk register, based on comprehensive analysis drawing on the programme's theory of change, Social and Environmental Standards and screening, situation analysis, capacity assessments and other analysis such as funding potential and reputational risk. Risks have been identified through a consultative process with key internal and external stakeholders, including consultation with the UNDP Security Office as required. Clear and complete plan in place to manage and mitigate each risk, including security risks, reflected in project budgeting and monitoring plans. (both must be true)
- 2: Project risks related to the achievement of results are identified in the initial project risk register based on a minimum level of analysis and consultation, with mitigation measures identified for each risk.
- 1: Some risks may be identified in the initial project risk register, but no evidence of consultation or analysis and no clear risk mitigation measures identified. This option is also selected if risks are not clearly identified, no initial risk log is included with the project document and/or no security risk management process has taken place for the project.

*Note: Risk management must be done for criteria with score of 1.

Evidence (Enter a short explanation or upload a document that provides evidence for your response)

Project risks are identified and documented in Risk Log. (Section 3.5/ Risks and assumptions and Annex 1 Risk Log)

Efficient

Status: Complete

Quality Rating:
Highly Satisfactory

14. Have specific measures for ensuring cost-efficient use of resources been explicitly mentioned as part of the project design?

Yes

No

*Note: Risk management must be done when the response is "No".

Evidence (Enter a short explanation or upload a document that provides evidence for your response)

Yes, cost-efficient use is mentioned in section 4.1/ Cost Efficiency and Effectiveness.

15. Is the budget justified and supported with valid estimates?

- 3: The project's budget is at the activity level with funding sources, and is specified for the duration of the project period in a multi-year budget. Realistic resource mobilisation plans are in place to fill unfunded components. Costs are supported with valid estimates using benchmarks from similar projects or

activities. Cost implications from inflation and foreign exchange exposure have been estimated and incorporated in the budget. Adequate costs for monitoring, evaluation, communications and security have been incorporated.

2: The project's budget is at the activity level with funding sources, when possible, and is specified for the duration of the project in a multi-year budget, but no funding plan is in place. Costs are supported with valid estimates based on prevailing rates.

1: The project's budget is not specified at the activity level, and/or may not be captured in a multi-year budget.

*Note: Risk management must be done for criteria with score of 1.

Evidence (Enter a short explanation or upload a document that provides evidence for your response)

The project contains detailed budget broken down by outputs and calendar years.

16. Is the Country Office / Regional / Global Project fully recovering the costs involved with project implementation?

3: The budget fully covers all project costs that are attributable to the project, including programme management and development effectiveness services related to strategic country programme planning, quality assurance, pipeline development, policy advocacy services, finance, procurement, human resources, administration, issuance of contracts, security, travel, assets, general services, information and communications based on full costing in accordance with prevailing UNDP policies (i.e., UPL, LPL.)

2: The budget covers significant project costs that are attributable to the project based on prevailing UNDP policies (i.e., UPL, LPL) as relevant.

1: The budget does not adequately cover project costs that are attributable to the project, and UNDP is cross-subsidizing the project.

*Note: Risk management must be done for criteria with score of 1. The budget must be revised to fully reflect the costs of implementation before the project commences.

Evidence (Enter a short explanation or upload a document that provides evidence for your response)

The project is EU0funded and therefore, DPC can not be applied. However, the CO recovers costs by charging salaries of UNDP CO staff, who will be providing services to the project.

Effective

Status: Complete

Quality Rating:
Highly Satisfactory

17. Have targeted groups, and particularly those marginalized, vulnerable, and left further behind (LNOB), been engaged in the design of the project?

- 3: Credible evidence that all targeted groups, prioritising discriminated, vulnerable and marginalized populations that will be involved in or affected by the project, have been actively engaged in the design of the project. The project has an explicit strategy to identify, engage and ensure the meaningful participation of target groups as stakeholders throughout the project, including through monitoring and decision-making (e.g., representation on the project board, inclusion in samples for evaluations, etc.)
- 2: Some evidence that key targeted groups have been consulted in the design of the project.
- 1: No evidence of engagement with targeted groups during project design.
- Not Applicable

*Note: Risk management must be done for criteria with score of 1.

Evidence (Enter a short explanation or upload a document that provides evidence for your response)

The project deals with small and medium business development.

18. Does the project plan for adaptation and course correction if regular monitoring activities, evaluation, and lesson learned demonstrate there are better approaches to achieve the intended results and/or circumstances change during implementation?

- Yes
- No

*Note: Risk Management must be done when the response is "No".

Evidence (Enter a short explanation or upload a document that provides evidence for your response)

The Project Board meetings will be used as a platform for discussing and analyzing changes in the environment and making project adjustments as necessary.

19. The gender marker for all project outputs are scored at GEN2 or GEN3, indicating that gender has been fully mainstreamed into all project outputs at a minimum.

- Yes
- No

*Note: Risk management must be done when the response is "No".

Evidence (Enter a short explanation or upload a document that provides evidence for your response)

Yes, the project is GEN2.

20. Have societal digital risks and opportunities been taken into account when designing the project's approach and have digital or data technology solutions been considered to enhance the efficiency, effectiveness and scalability of project results?

- 3: To the extent possible, societal digital risks and opportunities have been investigated when designing the strategy and Theory of Change, and the potential use of digital or data technologies in project activities has been considered in line with UNDP's digital standards and data principles. (All must be true)
- 2: Only the potential use of digital or data solutions in project activities has been considered in line with UNDP's digital standards and data principles, but there is no or limited evidence that aspects of inclusive digital societies have been considered in the design of the strategy or Theory of Change.
- 1: Neither societal digital risks and opportunities, nor digital or data technology solutions were specifically considered in the project design or, UNDP's digital standards and data principles are not taken into account when intending to use digital or data technology solutions in project activities.
- Digital considerations are not relevant to this project.

***Applicable only to option "Digital considerations are not relevant"**

- 1: Societal digital transformation is not a government or contextual priority
- 2: A non-digital approach yields higher effectiveness and efficiency
- 3: Other (specify in the "Evidence" section)

*Note: Risk management must be done for criteria with score of 1.

Evidence (Enter a short explanation or upload a document that provides evidence for your response)

The project will use digital solutions to support SMEs across wide range of activities, as discussed in section 3.8/Digital solutions.

Sustainability & National Ownership

Status: Complete

Quality Rating:
Satisfactory

21. Have national / regional / global partners led, or proactively engaged in, the design of the country / regional / global project, respectively?

- 3: National / regional / global partners have full ownership of the country / regional / global project and led the process of the development of the project jointly with UNDP.

- 2: The project has been developed by UNDP in close consultation with national / regional / global partners.
- 1: The project has been developed by UNDP with limited or no engagement with national partners.

*Note: Risk management must be done for criteria with score of 1.

Evidence (Enter a short explanation or upload a document that provides evidence for your response)

The project has been developed in close consultation with the national counterparts: Ministry of Economy and Sustainable Development, which will serve as its implementing partner.

22. Are key institutions and systems identified, and is there a strategy for strengthening specific / comprehensive capacities based on capacity assessments conducted?

- 3: The project has a strategy for strengthening specific capacities of national institutions and/or actors based on a completed capacity assessment. This strategy includes an approach to regularly monitor national capacities using clear indicators and rigorous methods of data collection, and adjust the strategy to strengthen national capacities accordingly.

- 2: A capacity assessment has been completed. There are plans to develop a strategy to strengthen specific capacities of national institutions and/or actors based on the results of the capacity assessment.

- 1: Capacity assessments have not been carried out

Not Applicable

*Note: Risk management must be done for criteria with score of 1.

Evidence (Enter a short explanation or upload a document that provides evidence for your response)

The project will conduct HACT assessments of all responsible parties before entering into agreements.

23. Is there a clear strategy embedded in the project specifying how the project will use national systems (i.e., procurement, monitoring, evaluations, etc.,) to the extent possible?

Yes

No

Not Applicable

*Note: Risk management must be done when the response is "No".

Evidence (Enter a short explanation or upload a document that provides evidence for your response)

The project is NIM with CPO support, so UNDP will be using its systems of M&E, procurement, HR, etc.

24. Is there a clear transition arrangement / phase-out plan developed with key stakeholders in order to sustain or scale up results (including resource mobilisation and communications strategy)?

Yes

No

*Note: Risk management must be done when the response is "No".

Evidence (Enter a short explanation or upload a document that provides evidence for your response)

Yes, sustainability issues are considered in section 3.10/ Sustainability and Scaling Up

ANNEX 3. SOCIAL AND ENVIRONMENTAL SCREENING

Social and Environmental Screening Template (2021 SESP Template, Version 1)

Project Information

Project Information	
1. Project Title	Inclusive Access to Markets
2. Project Number (i.e. Atlas project ID, PIMS+)	01001330
3. Location (Global/Region/Country)	Georgia
4. Project stage (Design or Implementation)	Implementation
5. Date	24 November

Part A. Integrating Programming Principles to Strengthen Social and Environmental Sustainability

QUESTION 1: How Does the Project Integrate the Programming Principles in Order to Strengthen Social and Environmental Sustainability?

Briefly describe in the space below how the project mainstreams the human rights-based approach

The project will ensure the active participation of diverse stakeholders, including representatives from SMEs, local communities, and marginalized groups. Include their perspectives and experiences in decision-making processes to address potential human rights impacts. Project will also encourage fair trade practices among SMEs by promoting ethical business conduct, fair wages, and safe working conditions and align with relevant international human rights standards and frameworks, such as the United Nations Guiding Principles on Business and Human Rights.

Briefly describe in the space below how the project is likely to improve gender equality and women's empowerment

The project will create inclusive opportunities for women entrepreneurs to participate in export activities. This includes offering targeted assistance, resources, and training to women-led SMEs. Furthermore, the project will include specific capacity-building programs designed to enhance the skills and capabilities of women entrepreneurs in Georgia. Among others, the project will also create networking and mentorship programs to foster connections between experienced women entrepreneurs and those seeking guidance.

Briefly describe in the space below how the project mainstreams sustainability and resilience

The project will encourage SMEs to adopt environmentally-friendly and sustainable business practices, incl. resource efficiency, waste reduction, and the use of renewable energy sources. Furthermore, the project will support strengthening the resilience of SMEs' supply chains by assessing vulnerabilities and developing contingency plans. The project will also promote: the adoption of sustainable technologies and innovative solutions among SMEs and advocate for circular economy practices. With the project's support, capacity-building programs to enhance the resilience of SMEs will be provided.

Briefly describe in the space below how the project strengthens accountability to stakeholders

The project intends to provide regular and comprehensive reports on the project's status, achievements, and challenges. The project will foster proactive communication and seek stakeholders input and address their concerns, as well as involve them in decision-making processes (when needed).

Part B. Identifying and Managing Social and Environmental Risks

QUESTION 2: What are the Potential Social and Environmental Risks? <i>Note: Complete SESP Attachment 1 before responding to Question 2.</i>	QUESTION 3: What is the level of significance of the potential social and environmental risks? <i>Note: Respond to Questions 4 and 5 below before proceeding to Question 5</i>	QUESTION 6: Describe the assessment and management measures for each risk rated Moderate, Substantial or High
Risk Description <i>(broken down by event, cause, impact)</i>	Impact and Likelihood (1-5)	Significance (Low, Moderate, Substantial, High)
No risks identified	Comments (optional)	Description of assessment and management measures for risks rated as Moderate, Substantial or High
QUESTION 4: What is the overall project risk categorization?		
<div style="text-align: center;"> <input checked="" type="checkbox"/> Low Risk <input type="checkbox"/> Moderate Risk <input type="checkbox"/> Substantial Risk <input type="checkbox"/> High Risk </div>		
QUESTION 5: Based on the identified risks and risk categorization, what requirements of the SES are triggered? (check all that apply)		
Question only required for Moderate, Substantial and High Risk projects		
Is assessment required? (check if "yes")	<input type="checkbox"/>	Status? (completed, planned)
<i>if yes, indicate overall type and status</i>	<input type="checkbox"/> Targeted assessment(s)	
	<input type="checkbox"/> ESIA (Environmental and Social Impact Assessment)	
	<input type="checkbox"/> SESA (Strategic Environmental and Social Assessment)	

	<p>Are management plans required? (check if "yes")</p> <p><i>If yes, indicate overall type</i></p>	<input type="checkbox"/>		
		<input type="checkbox"/>	<p>Targeted management plans (e.g. Gender Action Plan, Emergency Response Plan, Waste Management Plan, others)</p>	
		<input type="checkbox"/>	<p>ESMP (Environmental and Social Management Plan which may include range of targeted plans)</p>	
		<input type="checkbox"/>	<p>ESMF (Environmental and Social Management Framework)</p>	
	<p>Based on identified risks, which Principles/Project-level Standards triggered?</p>		<p>Comments (not required)</p>	
	<p>Overarching Principle: Leave No One Behind</p>			
	<p>Human Rights</p>	<input type="checkbox"/>		
	<p>Gender Equality and Women's Empowerment</p>	<input type="checkbox"/>		
	<p>Accountability</p>	<input type="checkbox"/>		
	<p>1. Biodiversity Conservation and Sustainable Natural Resource Management</p>	<input type="checkbox"/>		
	<p>2. Climate Change and Disaster Risks</p>	<input type="checkbox"/>		
	<p>3. Community Health, Safety and Security</p>	<input type="checkbox"/>		
	<p>4. Cultural Heritage</p>	<input type="checkbox"/>		
	<p>5. Displacement and Resettlement</p>	<input type="checkbox"/>		
	<p>6. Indigenous Peoples</p>	<input type="checkbox"/>		
	<p>7. Labour and Working Conditions</p>	<input type="checkbox"/>		
	<p>8. Pollution Prevention and Resource Efficiency</p>	<input type="checkbox"/>		

Final Sign Off

Final Screening at the design-stage is not complete until the following signatures are included

Signature	Date	Description
QA Assessor George Nanobashvili ED Team Leader		UNDP staff member responsible for the project, typically a UNDP Programme Officer. Final signature confirms they have "checked" to ensure that the SESP is adequately conducted.
QA Approver Anna Chernyshova DRR		UNDP senior manager, typically the UNDP Deputy Country Director (DCD), Country Director (CD), Deputy Resident Representative (DRR), or Resident Representative (RR). The QA Approver cannot also be the QA Assessor. Final signature confirms they have "cleared" the SESP prior to submittal to the PAC.
PAC Chair Douglas Webb Resident Representative		UNDP chair of the PAC. In some cases PAC Chair may also be the QA Approver. Final signature confirms that the SESP was considered as part of the project appraisal and considered in recommendations of the PAC.

SESP Attachment 1. Social and Environmental Risk Screening Checklist

Checklist Potential Social and Environmental Risks		
<p>INSTRUCTIONS: The risk screening checklist will assist in answering Questions 2-6 of the Screening Template. Answers to the checklist questions help to (1) identify potential risks, (2) determine the overall risk categorization of the project, and (3) determine required level of assessment and management measures. Refer to the SES toolkit for further guidance on addressing screening questions.</p>		
Overarching Principle: Leave No One Behind		Answer (Yes/No)
Human Rights		
P.1	Have local communities or individuals raised human rights concerns regarding the project (e.g. during the stakeholder engagement process, grievance processes, public statements)?	No
P.2	Is there a risk that duty-bearers (e.g. government agencies) do not have the capacity to meet their obligations in the project?	No
P.3	Is there a risk that rights-holders (e.g. project-affected persons) do not have the capacity to claim their rights?	No
<i>Would the project potentially involve or lead to:</i>		
P.4	adverse impacts on enjoyment of the human rights (civil, political, economic, social or cultural) of the affected population and particularly of marginalized groups?	No
P.5	inequitable or discriminatory impacts on affected populations, particularly people living in poverty or marginalized or excluded individuals or groups, including persons with disabilities? ¹⁷	No
P.6	restrictions in availability, quality of and/or access to resources or basic services, in particular to marginalized individuals or groups, including persons with disabilities?	No
P.7	exacerbation of conflicts among and/or the risk of violence to project-affected communities and individuals?	No
Gender Equality and Women's Empowerment		
P.8	Have women's groups/leaders raised gender equality concerns regarding the project, (e.g. during the stakeholder engagement process, grievance processes, public statements)?	No
<i>Would the project potentially involve or lead to:</i>		
P.9	adverse impacts on gender equality and/or the situation of women and girls?	No
P.10	reproducing discriminations against women based on gender, especially regarding participation in design and implementation or access to opportunities and benefits?	No
P.11	limitations on women's ability to use, develop and protect natural resources, taking into account different roles and positions of women and men in accessing environmental goods and services? <i>For example, activities that could lead to natural resources degradation or depletion in communities who depend on these resources for their livelihoods and well being</i>	No
P.12	exacerbation of risks of gender-based violence? <i>For example, through the influx of workers to a community, changes in community and household power dynamics, increased exposure to unsafe public places and/or transport, etc.</i>	No
Sustainability and Resilience: Screening questions regarding risks associated with sustainability and resilience are encompassed by the Standard-specific questions below		
Accountability		
<i>Would the project potentially involve or lead to:</i>		
P.13	exclusion of any potentially affected stakeholders, in particular marginalized groups and excluded individuals (including persons with disabilities), from fully participating in decisions that may affect them?	No
P.14	grievances or objections from potentially affected stakeholders?	No

¹⁷ Prohibited grounds of discrimination include race, ethnicity, sex, age, language, disability, sexual orientation, gender identity, religion, political or other opinion, national or social or geographical origin, property, birth or other status including as an indigenous person or as a member of a minority. References to "women and men" or similar is understood to include women and men, boys and girls, and other groups discriminated against based on their gender identities, such as transgender and transsexual people.

P.15	risks of retaliation or reprisals against stakeholders who express concerns or grievances, or who seek to participate in or to obtain information on the project?	No
Project-Level Standards		
Standard 1: Biodiversity Conservation and Sustainable Natural Resource Management		
<i>Would the project potentially involve or lead to:</i>		
1.1	adverse impacts to habitats (e.g. modified, natural, and critical habitats) and/or ecosystems and ecosystem services? <i>For example, through habitat loss, conversion or degradation, fragmentation, hydrological changes</i>	No
1.2	activities within or adjacent to critical habitats and/or environmentally sensitive areas, including (but not limited to) legally protected areas (e.g. nature reserve, national park), areas proposed for protection, or recognized as such by authoritative sources and/or indigenous peoples or local communities?	No
1.3	changes to the use of lands and resources that may have adverse impacts on habitats, ecosystems, and/or livelihoods? (Note: if restrictions and/or limitations of access to lands would apply, refer to Standard 5)	No
1.4	risks to endangered species (e.g. reduction, encroachment on habitat)?	No
1.5	exacerbation of illegal wildlife trade?	No
1.6	introduction of invasive alien species?	No
1.7	adverse impacts on soils?	No
1.8	harvesting of natural forests, plantation development, or reforestation?	No
1.9	significant agricultural production?	No
1.10	animal husbandry or harvesting of fish populations or other aquatic species?	No
1.11	significant extraction, diversion or containment of surface or ground water? <i>For example, construction of dams, reservoirs, river basin developments, groundwater extraction</i>	No
1.12	handling or utilization of genetically modified organisms/living modified organisms? ¹⁸	No
1.13	utilization of genetic resources? (e.g. collection and/or harvesting, commercial development) ¹⁹	No
1.14	adverse transboundary or global environmental concerns?	No
Standard 2: Climate Change and Disaster Risks		
<i>Would the project potentially involve or lead to:</i>		
2.1	areas subject to hazards such as earthquakes, floods, landslides, severe winds, storm surges, tsunami or volcanic eruptions?	No
2.2	outputs and outcomes sensitive or vulnerable to potential impacts of climate change or disasters? <i>For example, through increased precipitation, drought, temperature, salinity, extreme events, earthquakes</i>	No
2.3	increases in vulnerability to climate change impacts or disaster risks now or in the future (also known as maladaptive or negative coping practices)? <i>For example, changes to land use planning may encourage further development of floodplains, potentially increasing the population's vulnerability to climate change, specifically flooding</i>	No
2.4	increases of greenhouse gas emissions, black carbon emissions or other drivers of climate change?	No
Standard 3: Community Health, Safety and Security		
<i>Would the project potentially involve or lead to:</i>		

¹⁸ See the [Convention on Biological Diversity](#) and its [Cartagena Protocol on Biosafety](#).

¹⁹ See the [Convention on Biological Diversity](#) and its [Nagoya Protocol](#) on access and benefit sharing from use of genetic resources.

3.1	construction and/or infrastructure development (e.g. roads, buildings, dams)? (Note: the GEF does not finance projects that would involve the construction or rehabilitation of large or complex dams)	No
3.2	air pollution, noise, vibration, traffic, injuries, physical hazards, poor surface water quality due to runoff, erosion, sanitation?	No
3.3	harm or losses due to failure of structural elements of the project (e.g. collapse of buildings or infrastructure)?	No
3.4	risks of water-borne or other vector-borne diseases (e.g. temporary breeding habitats), communicable and noncommunicable diseases, nutritional disorders, mental health?	No
3.5	transport, storage, and use and/or disposal of hazardous or dangerous materials (e.g. explosives, fuel and other chemicals during construction and operation)?	No
3.6	adverse impacts on ecosystems and ecosystem services relevant to communities' health (e.g. food, surface water purification, natural buffers from flooding)?	No
3.7	Influx of project workers to project areas?	No
3.8	engagement of security personnel to protect facilities and property or to support project activities?	No
Standard 4: Cultural Heritage		
<i>Would the project potentially involve or lead to:</i>		
4.1	activities adjacent to or within a Cultural Heritage site?	No
4.2	significant excavations, demolitions, movement of earth, flooding or other environmental changes?	No
4.3	adverse impacts to sites, structures, or objects with historical, cultural, artistic, traditional or religious values or intangible forms of culture (e.g. knowledge, innovations, practices)? (Note: projects intended to protect and conserve Cultural Heritage may also have inadvertent adverse impacts)	No
4.4	alterations to landscapes and natural features with cultural significance?	No
4.5	utilization of tangible and/or intangible forms (e.g. practices, traditional knowledge) of Cultural Heritage for commercial or other purposes?	No
Standard 5: Displacement and Resettlement		
<i>Would the project potentially involve or lead to:</i>		
5.1	temporary or permanent and full or partial physical displacement (including people without legally recognizable claims to land)?	No
5.2	economic displacement (e.g. loss of assets or access to resources due to land acquisition or access restrictions – even in the absence of physical relocation)?	No
5.3	risk of forced evictions? ²⁰	No
5.4	impacts on or changes to land tenure arrangements and/or community based property rights/customary rights to land, territories and/or resources?	No
Standard 6: Indigenous Peoples		
<i>Would the project potentially involve or lead to:</i>		
6.1	areas where indigenous peoples are present (including project area of influence)?	No
6.2	activities located on lands and territories claimed by indigenous peoples?	No
6.3	impacts (positive or negative) to the human rights, lands, natural resources, territories, and traditional livelihoods of indigenous peoples (regardless of whether indigenous peoples possess the legal titles to such areas, whether the project is located within or outside of the lands and territories inhabited by the affected	No

²⁰ Forced eviction is defined here as the permanent or temporary removal against their will of individuals, families or communities from the homes and/or land which they occupy, without the provision of, and access to, appropriate forms of legal or other protection. Forced evictions constitute gross violations of a range of internationally recognized human rights.

	peoples, or whether the indigenous peoples are recognized as indigenous peoples by the country in question)? <i>If the answer to screening question 6.3 is "yes", then the potential risk impacts are considered significant and the project would be categorized as either Substantial Risk or High Risk</i>	
6.4	the absence of culturally appropriate consultations carried out with the objective of achieving FPIC on matters that may affect the rights and interests, lands, resources, territories and traditional livelihoods of the indigenous peoples concerned?	No
6.5	the utilization and/or commercial development of natural resources on lands and territories claimed by indigenous peoples?	No
6.6	forced eviction or the whole or partial physical or economic displacement of indigenous peoples, including through access restrictions to lands, territories, and resources? <i>Consider, and where appropriate ensure, consistency with the answers under Standard 5 above</i>	No
6.7	adverse impacts on the development priorities of indigenous peoples as defined by them?	No
6.8	risks to the physical and cultural survival of indigenous peoples?	No
6.9	impacts on the Cultural Heritage of indigenous peoples, including through the commercialization or use of their traditional knowledge and practices? <i>Consider, and where appropriate ensure, consistency with the answers under Standard 4 above.</i>	No
Standard 7: Labour and Working Conditions		
<i>Would the project potentially involve or lead to: (note: applies to project and contractor workers)</i>		
7.1	working conditions that do not meet national labour laws and international commitments?	No
7.2	working conditions that may deny freedom of association and collective bargaining?	No
7.3	use of child labour?	No
7.4	use of forced labour?	No
7.5	discriminatory working conditions and/or lack of equal opportunity?	No
7.6	occupational health and safety risks due to physical, chemical, biological and psychosocial hazards (including violence and harassment) throughout the project life-cycle?	No
Standard 8: Pollution Prevention and Resource Efficiency		
<i>Would the project potentially involve or lead to:</i>		
8.1	the release of pollutants to the environment due to routine or non-routine circumstances with the potential for adverse local, regional, and/or transboundary impacts?	No
8.2	the generation of waste (both hazardous and non-hazardous)?	No
8.3	the manufacture, trade, release, and/or use of hazardous materials and/or chemicals?	No
8.4	the use of chemicals or materials subject to international bans or phase-outs? <i>For example, DDT, PCBs and other chemicals listed in international conventions such as the <u>Montreal Protocol</u>, <u>Minamata Convention</u>, <u>Basel Convention</u>, <u>Rotterdam Convention</u>, <u>Stockholm Convention</u></i>	No
8.5	the application of pesticides that may have a negative effect on the environment or human health?	No
8.6	significant consumption of raw materials, energy, and/or water?	No

ANNEX 4. PROJECT STEERING COMMITTEE TOR

I. Background

All UNDP projects are governed by a multi-stakeholder board or committee established to review performance based on established monitoring and evaluation metrics and high-level implementation issues to ensure quality delivery of results. For the purpose of this ToR and to ensure standardization, henceforth, as regards project documentation, such a body shall only be referred to by the name: 'Steering Committee'. The Steering Committee is the most senior, dedicated oversight body for a UNDP 'Development Project', which is an instrument where UNDP "Delivers outputs where UNDP has accountability for design, oversight and quality assurance of the entire project."

II. Duties and Responsibilities

The two prominent (mandatory) roles of the Steering Committee are as follows:

- 1) **High-level oversight of the project** – This is the primary function of the Steering Committee. The Steering Committee reviews evidence of project performance based on monitoring, evaluation and reporting, including progress reports, monitoring missions' reports, evaluations, risk logs, quality assessments, and the combined delivery report. The Steering Committee is the main body responsible for taking corrective actions as needed to ensure the project achieves the desired results. And its function includes oversight of annual (and as-needed) assessments of any major risks to the programme or project, and related decisions/agreements on any management actions or remedial measures to address them effectively.

The Steering Committee also carries the role of quality assurance of the project taking decisions informed by, among other inputs, the project quality assessment. In this role the Committee is supported by the quality assurer, whose function is to assess the quality of the project against the corporate standard criteria. This function is performed by a UNDP programme or monitoring and evaluation officer to maintain independence from the project manager regardless of the project 's implementation modality.

The Steering Committee reviews updates to the project risk log.

- 2) **Approval of key project execution decisions** – The Steering Committee has an equally important, secondary role in approving certain adjustments above provided tolerance levels, including substantive programmatic revisions (major/minor amendments), budget revisions, requests for suspension or extension and other major changes (subject to additional funding partner/donor requirements).

The Steering Committee is responsible for making management decisions by consensus when required, including the approval of project plans and revisions, and the project manager's tolerances. The Steering Committee approves annual work plans and reviews updates to the project risk log.

Within the overall governance and management arrangements of the project, the role of the Steering Committee as regards these two key functions ('*High-level oversight of the project*' and '*Approval of key project execution decisions*') is distinct from the roles of entities involved in the implementation of the project, namely the implementing partner (IP), responsibilities parties (if applicable), service providers and project staff.

Specific responsibilities of the Steering Committee include the following:

- Provide overall guidance and direction to the project, ensuring it remains within any specified constraints, and promote gender equality and social inclusion (LNOB) in the project implementation.
- Review project performance based on monitoring, evaluation and reporting, including standard quality assurance checks, progress reports, risk logs, spot checks/audit reports and the combined delivery report.
- Address any high-level project issues as raised by the project manager and project assurance.

- Provide guidance on emerging and/or pressing project risks and agree on possible mitigation and management actions to address specific risks (including ensuring compliance with UNDP's Social and Environmental Standards, Fraud/corruption, Sexual Exploitation and Abuse and Sexual Harassment).
- Agree or decide on project manager's tolerances as required, within the parameters set by UNDP (Manage Change in the PPM) and the donor, and provide direction and decisions for exceptional situations when the project manager's tolerances are exceeded.
- Advise on major and minor amendments to the project within the parameters set by UNDP and the donor.
- Agree or decide on a project suspension or cancellation, if required.
- Provide high-level direction and recommendations to the project management unit to ensure that the agreed deliverables are produced satisfactorily according to plans.
- Receive and address project level grievance, including overseeing whatever specific compliance and stakeholder response (or grievance) mechanisms have been put in place so that individuals and communities potentially affected by the project have access to effective mechanisms and procedures for raising concerns about the social and environmental performance of the project²¹.
- Engage in the low value grant selection process where there is no Grant Selection Committee, as guided by the Low Value Grants – UNDP Operational Guide.

Additional responsibilities of the Steering Committee can include, but are not limited to, the following:

- Act as an informal consultation mechanism for stakeholders.
- Review the final project report package during an end-of-project review meeting to discuss lessons learned and opportunities for scaling up.
- Set up tolerance levels for project stages in terms of time and financial resources.
- Reviews and clears Annual Work Plan (AWP).
- Based on the approved annual work plan (AWP), reviews and approves project plan and authorize any major deviation from these agreed stage plan. The PEB will evaluate submitted documents and be in charge of approving plans and budgets.
- Arbitrates any conflicts within the project or negotiates a solution to any problems between the project and external bodies.
- Discuss issues/risks to the project implementation and makes decision for any required follow up

III. Composition of the Steering Committee

As noted in the diagram below, Steering Committee has three categories of formal members (e.g. voting members). The role of every formal Steering Committee member corresponds to one of these three roles.

²¹ The responsibilities of the Steering Committee in this regard should follow UNDP's Social and Environmental Standards (SES) as codified in the PPM. It should be noted that while a steering committee can play a role in addressing or assisting with the compliance and stakeholder response (or grievance) mechanisms put in in place for a given project (as part of their quality assurance and oversight function), this will be in addition to and does not substitute for UNDP's core responsibility to ensure compliance with the SES throughout the project management cycle as part of UNDP's Programming Quality Assurance system.

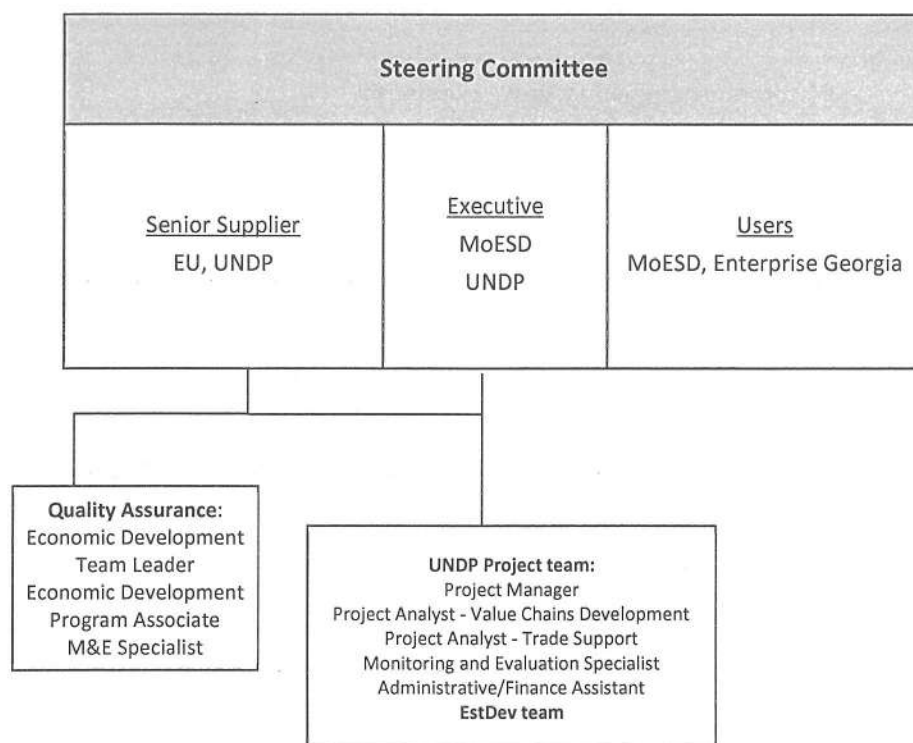


Diagram 1 –Project Organization Structure

The three categories of Steering Committee members are the following:

- 1) **The Executive(s):** represent ownership of the project and chair (or co-chair) the Steering Committee. The executive is ultimately responsible for the project, supported by the Senior User/Beneficiary and Senior Supplier. The Executive's role is to ensure that the project is focused throughout its life cycle on achieving its outputs. The Executive has to ensure that the project has a cost-conscious approach, balancing the demands of the user (or beneficiary) and supplier. The executive is MoESD, supported by UNDP.
- 2) **Users Representative(s):** Represents the interests of stakeholders who will ultimately benefit from the project. Beneficiary is responsible for specification of the needs of all those who will be primarily using or benefiting from the project outputs, for user liaison with the project team and for monitoring that the solution will meet those needs. Their primary function within the Committee is to ensure the realization of project results from the perspective of project users. The users of the project are: Ministry of Economy and Sustainable Development and Enterprise Georgia.
- 3) **Senior Supplier(s):** Individuals representing the interests of the parties concerned that provide funding, strategic guidance and/or technical expertise to the project²². The Senior Supplier is accountable for the quality of the outputs delivered by the supplier(s). The Senior Supplier role must have the authority to commit or acquire supplier resources required. Senior suppliers are: Delegation of the European Union to Georgia, UNDP Georgia.

Project Assurance: Project assurance is the responsibility of each Steering Committee member; however, UNDP has a distinct assurance role for all UNDP projects in carrying out objective and independent project oversight and monitoring functions. UNDP performs quality assurance and supports the Steering Committee by carrying out objective and independent project oversight and monitoring functions, including applying UNDP's social and environmental management system to ensure the SES are applied through the project cycle. The Steering

²² With the exception of responsible parties or any firms/entities engaged by the project to provide technical expertise with project funds

Committee cannot delegate any of its quality assurance responsibilities to the project manager. Project assurance is totally independent of project execution.

A designated representative of UNDP playing the project assurance role is expected to attend all Steering Committee meetings and support committee processes as a non-voting representative. It should be noted that while in certain cases UNDP's project assurance role across the project may encompass activities happening at several levels (e.g. global, regional), at least one UNDP representative playing that function must, as part of their duties, specifically attend steering committee meetings and provide committee members with the required documentation required to perform their duties.

The UNDP representative playing the main project assurance function is *George Nanobashvili/Team Leader, Economic Development Portfolio, UNDP Georgia.*

Project Support: The Project Manager (PM) is the senior most representative of the project and is responsible for the overall management of the project on behalf of the Implementing Partner, including the mobilization of all project inputs, supervision over project staff, responsible parties, consultants and sub-contractors. The project manager typically presents key deliverables and documents to the committee for review and approval, including progress reports, annual work plans, adjustments to tolerance levels and risk logs.

Project Manager is expected to attend all steering committee meetings and present the required progress reports and other documentation needed to support committee processes as a non-voting representative.

The primary Project representative attending committee meetings are Project Manager, Project Analysts, Monitoring and Evaluation Specialist, Project Admin/Finance Associate.

IV. Standard Steering Committee Protocols

The Steering Committee will meet every six months, although meetings could be called by any of the members at any time to discuss any particular issue of concern and steering of project implementation specific topics may happen through e-mail communication when needed.

Steering Committee members cannot receive remuneration from project funds for their participation in the Committee. However, it is allowable for committee members to be reimbursed from project funds for certain reasonable, qualified expenses related to travel or lodging to attend steering committee meetings.

Steering Committee decisions are made by unanimous consensus.

It is required that as per internationally recognized professional standards and principles of sound governance, conflicts of interest affecting committee members in performing their duties must be formally disclosed if not avoidable. Where a committee member has a specific personal conflict of interest with a given matter before the committee, he/she must recuse oneself from their participation in a decision. No committee member can vote or deliberate on a question in which he/she has a direct personal or pecuniary interest not common to other members of the committee.

V. Standard Outputs of Steering Committee Meetings

In its oversight function, the Steering Committee will (at a minimum) review and assess the following project-related evidence at each meeting:

- Assessment of project progress to date against project output indicators (as documented in the project document results framework)
- Approval/review of annual work plans
- Assessment of the relevant Monitoring & Evaluation mechanisms, including all evaluations²³
- Review and assessment of the Project Risk Log (with updating/amendments as needed)
- Assessment of project spending, based on a review of the combined delivery report

This will be in addition to the review and approval of any required project execution decisions.

The output of every Steering Committee should be a written record (minutes) that captures the agenda and issues discussed and the agreed upon action items and decisions (if applicable). Each report should clearly document the

²³ Including audit reports and spot checks.

members attending the meeting (as well as all participants in the meeting) and the modality used to agree on a certain action or decision (whether formal voting or no-objection or other mechanism). All records of committee meetings should be documented and kept by UNDP in their quality assurance function.