



Concept Note & Operational Plan for the Creation of Growth Hubs in Selected Regions of Georgia

The Concept Note & Operational Plan was prepared by Tornike Chkhaidze and the research component was conducted by JSC Savvy in 2019 with support from the United Nations Development Programme (UNDP), the Ministry of Regional Development and Infrastructure of Georgia, Swiss Agency for Development Cooperation (SDC) and Austrian Development Cooperation (ADC). The views represented herein are those of the authors and do not necessarily represent the views of the organisations mentioned above.

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Introduction

The purpose of this assignment is to design a concept note for the creation of Growth Hubs in selected regions of Georgia.

With support from the Government of Georgia, the Swiss Agency for Development and Cooperation (SDC), and the Austrian Development Agency (ADA), UNDP Georgia is implementing the second phase of the project entitled “Fostering Regional and Local Development in Georgia” (FRLD 2) with an overarching goal of fostering the development of the local economy in the following regions: Samegrelo-Zemo Svaneti; Guria; Racha-Lechkhumi & Kvemo Svaneti; and Kvemo Kartli. In particular, this entails contributing to the Output 1.2 LED initiatives from the Mountainous Development Strategy and Action Plan (e.g. strengthening the potential of local enterprises and farms, creating conditions for their development and improving access to markets) implemented by municipalities and central government institutions (including the MRDI, the MoED, and the MoF).

With this in mind, the project’s activities have been directed towards the enhancement of the role of the business sector as a catalyst in boosting the local economy. Indeed, FRLD 2 started cooperation with Enterprise Georgia (EG) with the intention of finding cross-cutting solutions to various issues including communication, entry to market, capacity development, and networking challenges currently faced by Georgian small and medium enterprises (SMEs). In this regard, the creation of Growth Hubs in selected regions of Georgia has been discussed. Under the supervision of the FRLD 2 project team and in cooperation with EG, the concept of Growth Hubs has been explored in order to make sure that this idea and initiative is based on a well-thought-out and well-planned concept. Moreover, an operational plan has been drafted for Samegrelo-Zemo Svaneti region to cover major issues that should be addressed during the implementation of the project.

The concept of Growth Hubs, services, governance, and potential partnership with LEPLs (including EG, GITA, and the ARDA) was discussed with Irakli Nadareishvili, Deputy Minister of the Ministry of Economy and Sustainable Development of Georgia, and Tornike Zirakishvili, Deputy Director of LEPL Enterprise Georgia, as well as Archil Bukia, Deputy Director of the Agricultural and Rural Development Agency (ARDA). During the meetings, the structure of Growth Hubs, including their main services, functions, governance model and operational plans were discussed. The results and comments arising from these meetings have been presented in the final report.

The studies conducted in the framework of the project revealed the importance of rural business development for the economic growth of the regions of Georgia and also highlighted factors preventing or contributing to this process. The results show the need for a business support organization that will focus on researching the business environment and promoting local business development, and which will serve as a bridge for rural businesses with the opportunity, ambition, and potential to grow and scale-up, to access intensive local support and advice. Although there is business growth potential in the regions of Georgia, the need for and importance of support services to ensure their growth and sustainability is crucial. There is a need for consultations, trainings, and most of all, individual work with rural businesses. Moreover, there is a lack of systematic information about local business potential and the consumer market, while additional sources and channels to disseminate information in rural areas are also lacking. At the same time, business support organizations and associations could be more versatile and offer more benefits to local partners, while the State needs to supply an additional information channel to promote business support programs and projects. In addition, rural businesses need support services to access finance and to gather up-to-date business-related information. Those needs are partially satisfied by some associations and organizations that work in the regions of Georgia, but studies have revealed that this support needs to be strengthened and that there is a need for a unified structure, knitting together support in all directions. This is where Growth Hubs can fill an important gap. The main focus of Growth Hubs is to be proactive and to work closely with rural businesses, and to act as communicator and negotiator at the national level with government, advisers, businesses, academia, and others. Growth Hubs can enable rural businesses to access specialists in any field in which they pursue development, such as exporting and access to finance. Meanwhile, their services will be mostly focused on individual consultations, face-to-face meetings, and individual growth and export plans, to be developed in partnership with government, industry specialists and experts, and other parties that support regional development to make rural businesses more competitive, sustainable, and resilient. Ultimately, Growth Hubs can become organizations that combine the various forms of support such businesses require.

In the course of preparing the concept of Growth Hubs, primary and secondary research was carried out. Primary research included interviews with associations actively working in the regions of Georgia to identify the need to support the

development potential of MSMEs therein and to mark out areas of future collaboration between Growth Hubs and associations. A survey of potential beneficiaries was also conducted to explore the demand for services to be offered by Growth Hubs and to glean their overall awareness regarding different support programs or associations working in the regions of Georgia. For that purpose, SavvY interviewed 150 business representatives in the Samegrelo-Zemo Svaneti region (the target region of the project). Meanwhile, secondary research was conducted to assess the level of private sector development in the Samegrelo-Zemo Svaneti region and to identify the attitudes and expectations within the business sector at the local level. The research summarized entrepreneurs' perceptions of the key challenges and opportunities facing the development of the business environment and revealed the importance of business support structures such as Growth Hubs. Moreover, analysis of the socio-economic environment of the Samegrelo-Zemo Svaneti region as a whole and Zugdidi municipality more specifically was conducted to reveal the current status of the business and socio-economic environment (available in the Annexes).

Some additional documents were also prepared. As the goal of the project was to prepare the concept of Growth Hubs not only for the target region but also more broadly, some documents were prepared to simplify the introduction of the concept, its structure, and activities for other regions. In particular, the draft outline of the partner council/advisory board summarizes the membership and responsibilities of the advisory board, nomination and role expectations, time commitment, meeting frequency, and ways of working. Meanwhile, the draft outline of Growth Hubs summarizes their functions and benefits, organization and leadership issues, and principles of management. Finally, an information checklist was developed to gather databases of relevant businesses.

International best practices: growth hubs or analogues

Before preparing the concept of Growth Hubs, international best practices were analyzed. With respect to governance and structure, the most relevant and optimal analogue was found to be in Great Britain. We also analyzed examples India, Latvia, and Australia. In some countries, a practice similar to a growth hub is not implemented at all, and in some countries the functions of growth hubs are attributable to their ministry of economy.

In India, there is the Ministry of Micro, Small & Medium Enterprises to which several organizations are attached, such as the Office of Development Commissioner (MSME). The Development Commissioner implements policies and various programs/schemes providing infrastructure and support services to MSMEs. The Office offers services such as: advising the Government with regard to formulating policy for the promotion and development of MSMEs; providing techno-economic and managerial consultancy, as well as common facilities and extension services to MSME units; providing facilities for technology upgrades, modernization, and quality improvement; developing human resources through training and skill upgradation; and delivering economic information services. These services are similar to those supplied by Growth Hubs in Great Britain, however the structure is different. In the latter case, the department is under the relevant ministry and is governed by central government.

In Latvia, there are different departments or structures giving out information about starting up or supporting startups and SMEs, divided according to their function. An interesting example here is the Investment and Development Agency of Latvia (LIAA). The objective of the LIAA is to promote business development by facilitating more foreign investment, simultaneously increasing the competitiveness of Latvian entrepreneurs in both domestic and foreign markets (the same function as served by Growth Hubs). Moreover, there is a state revenue service agency from which information about taxes can be obtained. When starting a business in Latvia, the first institution to visit is the Register of Entrepreneurs. Here, you can register an enterprise as well as find out all requirements for doing so. There is however no one singular organization or structure that covers all of the important services regarding MSME development under one umbrella, even at an information level.

In Australia, Rural Business Support is a leading not-for-profit provider of agribusiness services and independent support in the rural sector. This organization is supported by the Australian National and Regional (Northern Territory) Governments. Its programs and services enable the primary industry sector to take action to manage change, to adjust to business challenges, and to improve profitability and plan for the future (the same functions as those served by Growth Hubs). These programs are developed in partnership with federal and state governments, industry groups and other agencies

to assist the development of a competitive, sustainable, and resilient primary industry sector. This organization also provides information about government grants and payments. Its services include: an advisory service; workshops; financial literacy; and disseminating information regarding forthcoming grants

In Israel, the Ministry of Economy and Industry governs regional cooperation such as through its government services and information webpage which shares information, not only about business but also citizenship, education, health, and information regarding people with disabilities. Citizens can thus search for all information related to governmental services in one place. On this website, you can find the Small and Medium Business Agency which provides information for business owners or for those starting a business including courses and tutorials, business consultancies, conferences and events for business owners, tenders, and other opportunities (such as grants and financing). This agency effectively performs the functions of Growth Hubs in Israel.

Visit to Great Britain to inspect Growth Hubs and associated organizations

In the course of this project, representatives of SavvY visited Growth Hubs in Great Britain and held conversations with representatives of Local Enterprise Partnerships (LEPs). In Great Britain, Growth Hubs are local public/private sector partnerships led by the LEPs. The latter are not-for-profit companies responsible for the strategic directions of Growth Hubs. The first meeting was conducted with Karen Leigh, Assistant Director of the EU Exit Business Readiness & Growth Hubs, Swindon & Wiltshire LEP Area. The second meeting of the visit to the UK was conducted with Kathy Slack, Chief Executive of Enterprise M3 LEP and Roya Croudace, Director of Growth Hub under the lead of Enterprise M3.

SavvY gained unique insight, information, and some suggestions from these meetings as the project representatives received important details about governance issues, board composition, organizational structure, the services and functions of Growth Hubs and LEPs, communication with government or other interested parties, and budgetary issues.

Overview

- Growth Hubs are local public/private sector partnerships led by the LEPs. They join together national and local business support, making it easier for businesses to find the help they need.
- The LEPs themselves, who lead Growth Hubs, are not-for-profit companies limited by guarantee, and financed by the central government. The LEPs are responsible for the strategic direction and policy of the LEP Network, finances, operational actions, signing off annual audited accounts, and confirming procurement procedures.
- Growth Hubs are financed by LEPs but enjoy independence with respect to their operations. Only their strategic directions and annual reports have to be submitted to and approved by LEPs.
- The country is divided into 38 LEPs (geographical regions) and each LEP has only one Growth Hub under its governance.
- The goal of Growth Hubs is to build economic growth and prosperity across the country at the local level. It acts as the lead communicator and negotiator at national level with government, advisers, businesses, academia, think tanks, and others. It also acts as a central source of information and data.
- All 38 Growth Hubs have similar services, but they have freedom in their operations and in terms of the innovative services they provided to specific regions.

Boards

- The majority of each board is composed of private sector members. Members of the boards are appointed for 2-3 years, with the size of each board determined by the size of the given area the Growth Hub serves.
- The chair of each board should be from the private sector, and should not be appointed by the government
- Each board should contain six representatives of local authorities.
- Boards may include some representatives from higher education and from the not-for-profit sector, or experts in a particular field.

- Some rules are set up by the government (for example, 2/3 of the board have to be from the private sector and 1/3 have to be from the public sector, and that the chair should be from the private sector).

Services

- Based on research, Growth Hubs focus on several sectors in which the given region has strengths and potential for growth.
- Growth Hubs' services include trainings and mentorship on access to finance (includes information about projects and grants), leadership and management skills, launching a new business, and export support, as well as a business registration helpdesk.
- On average, businesses to have used the services of Growth Hubs have grown by 7%”

Operations

- Growth Hubs have a proactive approach, which means that they screen the businesses they work with, to better understand how they operate.
- Every Growth Hub has its own website, telephone support, and social media accounts. They also engage in face-to-face meetings with invited experts/associates.
- Some members of Growth Hubs are paid monthly (e.g. growth champions and project managers) and some are paid based on services rendered (e.g. experts/consultants).
- Growth champions have a template called a growth plan through which they identify specific areas in which to support businesses and gather baseline figures. After this stage, associates may be called upon for further assistance. Growth champions record the path/trend of each business over periods of six months, one year, and two years, gathering information about number of employees, turnover, sectors in which they operate, etc.

Uniqueness

England's model of Growth Hubs has some unique characteristics. According to the LEP representatives, these distinctive features were found in governance structure, networking, and the boards, as outlined below.

- Governance - Because Growth Hubs are owned by LEPs rather than the government, this gives them leverage to deliver both local and national business support through existing networks at a relatively low cost.
- Management and networking – Growth Hubs bring local partners together to deliver business support to benefit businesses rather than to compete with others.
- Boards – Each LEP board contains representatives of the public and private sector, academia, and other interested parties. Moreover, each board is composed of a majority of private sector representatives, and is responsible for strategic direction of the given Growth Hub.

Interview report of associations

To prepare a concept note for the creation of Growth Hubs in the selected regions of Georgia, several studies were conducted by the consulting company SavvY. In the course of the project, two associations were surveyed whose activities include communication with micro, small, and medium-sized businesses in Georgia's regions. The purpose of doing so was to identify the need to support the development and potential of micro, small, and medium-sized businesses in the regions of Georgia. Interviews were conducted, the purpose of which was to discuss the following issues: major current challenges in the regions; the importance of consultations and trainings; business growth potential; sources and channels of information in rural areas; future collaboration perspectives or mutual interests within Growth Hubs and associations; and the qualification level of personnel who directly work with beneficiaries. The interview questions can be found in the annexes.

One of the respondents was Irina Tkheldze, Director of the Micro and Small Entrepreneurship Support Program at the Regional Development Association (RDA). The RDA covers almost all regions of Georgia, though Tkheldze has been working primarily in the Samtskhe-Javakheti and Kvemo Kartli regions since 2015. The RDA supports micro and small entrepreneurship, selects businesses for financing, and trains them. Its target businesses are both agricultural and non-agricultural. Another of the respondents was Nino Goliadze, Project Manager at the Export Development Association (EDA). She manages the Technical Assistance to Small and Medium Enterprises (TASME) project (a business start-up/expansion advisory service for micro and small entrepreneurs in the tourism sector in Mtskheta-Mtianeti region). The EDA carries out various projects in the regions, including technical assistance (training and retraining), as well as market research and support for businesses with export potential. It operates throughout Georgia, but the TASME project is focused on the Mtskheta-Mtianeti region. The EDA itself works on a range of products and services.

The interviews revealed that the development of local production and competing against (and eventually replacing) imported products are priorities for rural businesses. In addition, they aim to raise the quality of production, and identify and develop their growth potential. Pertinently, education represents a significant problem in the regions of Georgia, something which could be addressed by Growth Hubs teaching certain skills. Moreover, the services of Growth Hubs would include communication and networking with interested parties such as businesses, government, academia, and the private sector, which should boost the connections of rural businesses.

The dissemination of information is also a problematic issue for rural businesses, with the organization of trainings in relatively new areas and the creation of rural business databases demanding significant resources. This in some ways highlights the need for Growth Hubs in rural areas as they could cooperate with associations to save money and time. In particular, associations need additional support to arrange and hold trainings or meetings, to maintain databases of target businesses, and to disseminate information.

Rural businesses find it difficult to plan for development independently and need advice on growth trends, as well as on how to manage their daily activities most effectively. Such difficulties indicate that the concept of Growth Hubs (i.e. to implement the policies and programs providing support services to MSMEs) is justified.

The respondents stated that individual consultations are both effective and desired, and that entrepreneurs struggle to access such consultations with experts in rural areas. Along with group trainings, Growth Hubs would be precisely oriented toward individual consultations, growth plans, and face-to-face meetings with rural businesses. This distinguishes Growth Hubs from other business support organizations. Furthermore, rural businesses may not be able to identify what kind of assistance they need or in what particular area they have a problem. Therefore, the primary screening of those businesses would be beneficial when planning future development. In any case, such feedback suggests that another goal of Growth Hubs – namely to become a bridge connecting businesses to specialists – is also justified.

In addition, many donors already operate in different regions of Georgia and there is no common hub where entrepreneurs can collect information on all ongoing projects or donor organizations operating in the region. Donors, through Growth Hubs, could provide primary consulting that suits the interests of rural entrepreneurs, which would underline the importance of Growth Hubs as unified information providers.

Ultimately, judging from these interviews, there is indeed a justifiable need for Growth Hubs in the regions of Georgia.



Goals

Discuss the major current challenges in regions;
 Identify the need for consultations and trainings;
 Identify businesses with growth potential;
 Improve sources and channels of information in rural areas;
 Clarify future collaboration prospects or mutual interests within Growth Hubs and associations; and
 Ascertain the qualification level of personnel who directly work with beneficiaries.



Summary

The need for consultations and trainings is high in rural areas;
 There is growth potential among many of the businesses;
 The sources and channels of information in rural areas are weak and should be strengthened;
 There could be future collaboration prospects or mutual interests within Growth Hubs and associations in the direction of information dissemination, in sharing databases of beneficiaries, and in helping to manage trainings or meetings; and
 All main aspects to be covered by Growth Hubs have been verified by the interviewees as important for rural areas.

Summary of primary and secondary research findings

A questionnaire survey was conducted among potential beneficiaries of the Growth Hubs in the target regions of Georgia to ascertain the demand for the services to be offered and the beneficiaries' overall awareness regarding different governmental support programs. Questionnaires were distributed exclusively to individuals from the Samegrelo-Zemo Svaneti region.

A business environment research report for Samegrelo-Zemo Svaneti has been developed based on the research report done by the Association of Young Economists of Georgia (AYEG) as part of the Participatory Local Economic Development project. The project is being implemented with the financial support of the United Nations Development Program (UNDP), the Danish Ministry of Foreign Affairs, the Swiss Agency for Development and Cooperation (SDC), and the Austrian Development Cooperation (ADC).

In addition, the "Zugdidi Socio-Economic Development Plan," which was prepared by the AYEG through active cooperation with local authorities, was reviewed.

An analysis of the socio-economic environment of the region was carried out based on statistical information about the Samegrelo–Zemo Svaneti region taken from the "Development Strategy for Samegrelo-Zemo Svaneti Region for 2014-2021," prepared by the Government of Georgia.



Goals

Ascertain the demand for the services to be offered by Growth Hubs;

Explore the overall awareness of potential beneficiaries regarding different governmental support programs;

Assess the level of private sector development in Samegrelo–Zemo Svaneti;

Identify the attitudes and expectations of the business sector at the local level;

Analyze the socio-economic environment of the region; and

Identify entrepreneurs' visions of the key challenges and opportunities with regard to the development of the business environment.



Summary

The services of Growth Hubs need to be more oriented toward micro and small businesses;

MSMEs struggle to find information about international funding programs, they need support to access finance;

Businesses need an information center to be established that would provide all necessary information about grants and funding programs;

Businesses would participate in business development trainings (even paid ones) and would use paid services regarding export management;

91% of respondents claimed they needed an organization such as a Growth Hub;

The inadequate level of qualifications in the labor market is a notable problem in the region;

Respondents generally believe that associations can support business development;

There are barriers to business development including limited access to financial resources and low-income local consumer markets;

Most of the enterprises had had no contact with not-for-profit organizations (57%) or consultancy centers (64%);

More than 50% of respondents believe that state and international support programs are almost unavailable to them;

The problem of employment in the Zugdidi municipality is acute and underdevelopment of local businesses is also a significant obstacle here;

The concept of Growth Hubs is important for the development of the local business environment, and the services that Growth Hubs may offer are vital and necessary for community; and

Research revealed certain factors preventing business development hindering certain and strategic directions in Zugdidi municipality.

Mission, goals and overall description of the purpose of Growth Hubs

Possible governance structure of Growth Hubs

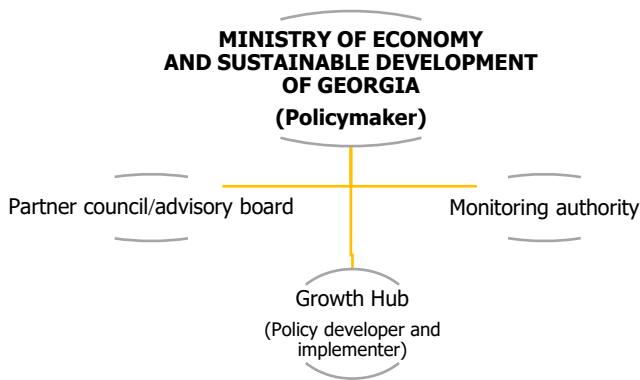
Based on an analysis of international best practices and the functions of Growth Hubs in England, as well as the surveys conducted by SavvY to identify which functions would best suit the Georgian reality, a concept note for the creation of Growth Hubs was conducted. This includes a description of their purpose, their overall mission and goal, and their services.

By analyzing the case of England and adopting the best practices there to the Georgian reality, the concept and governance model of Growth Hubs have been established.

Our suggested model of governance contains the best practices taken from England, adopted to the Georgian reality. It includes boards of directors (with representatives from the private sector and LEPLs), financial support from the central government (Ministry of Economy and Sustainable Development of Georgia), and an independent monitoring authority. The practice of England has shown that the best governance model is to have Growth Hubs under the leadership of non-governmental or partially-governmental authority, such as LEPs in. When discussing LEPs' functions during the visit to England and upon subsequent analysis, England's LEPs were likened to Georgian municipalities. However, using the same governance model would not be effective for Georgia, as here municipalities are governed by strict law and, due to their governmental status, they are not sufficiently flexible to take on the role of a Growth Hub board. There would also be some difficulties in staffing and managing boards with representatives of academia, nongovernmental organizations, and so on. Moreover, the economic strategy of each municipality and for Georgia as a whole require the agreement of the Ministry of Economy and Sustainable Development. At the same time, municipalities have strictly stipulated functions and responsibilities that are outlined in the legislation and thus changing the responsibilities of one municipality would not be possible. Furthermore, in Georgia there are some LEPLs with functions related to the economic development of the country. Most of these are under the governance of the Ministry of Economy and Sustainable Development and given that budgetary and strategic directions trickle down from the Ministry, it would be better to redesign middle-level governance by adopting an advisory board composed of representatives of municipalities, LEPLs, and nongovernmental bodies. The main benefits for partner LEPLs would include: clarifying the business potential of the region; having a needs survey conducted; improved project awareness

and PR; establishment of a database of MSMEs (especially those with export potential); increasing competencies; and a broadened expert/consultant base.

Accordingly, we adopted the model in such a way that the Ministry of Economy itself acts as the policymaker, which may be responsible for funding Growth Hubs too. However, to ensure non-governmental involvement, the monitoring body could be from the private or not-for-profit sector. At the same time, Georgia could adopt the advisory board model which would include representatives from LEPLs (such as Enterprise Georgia, GITA, and the ARDA) and the private sector. In that way, the main governance advantages observed in England could be replicated in Georgia. The advisory board should be approved by the Ministry of Economy and Sustainable Development of Georgia. However, it should be noted that this governance model is just a suggestion, as in different countries there are different governance models in place for structures similar to Growth Hubs and they still operate successfully.



Mission, goals, and overall description of the purpose of Growth Hubs

By analyzing studies and best practices, the overall concept, including purpose, mission, goals, and functions of Growth Hubs were outlined.

In terms of purpose, Growth Hubs are not-for-profit organizations designed to support MSMEs via different programs and services to help them to achieve growth. Growth Hubs serve as bridges for rural businesses to access specialists in various fields (e.g. exporting or access to finance) and in various forms (e.g. consultancy and trainings). Growth Hubs act as communicators and negotiators at national level with government, advisers, businesses, academia, and others. Their range of programs and services are designed to enable the primary industry sector to take action to manage change, to adjust to business challenges, to improve profitability, and to plan for the future. Along with group trainings, services mostly entail individual consultations, face-to-face meetings, and individual growth and export plans are developed in partnership with government, industry specialists and experts, and other organizations that support regional development to assist the development of competitive, sustainable, and resilient rural businesses.

The mission of Growth Hubs is to support rural/local MSMEs' development thereby facilitating local economic growth and prosperity across the country.

The goals of Growth Hubs are to implement the policies and programs providing support services to facilitate MSMEs' growth and scale-up, to act as facilitators with government, and to serve as a distributor of business-relevant information in rural areas. Growth Hubs are supposed to encourage innovation, investment, and collaboration to create a conducive environment for business growth.

The functions of Growth Hubs include the following:

- Making best use of national assets (such as LEPLs, funding projects, and other government initiatives) that support the development of rural businesses;
- Providing access to businesses via a broad range of channels (e.g. a website and social media accounts);
- Enabling access to face-to-face advisers employed by the given Growth Hub or its partners who offer a triage and diagnostic service, and undertake an assessment of the needs of businesses to clarify the best sources of advice;

- Prioritizing intensive face-to-face advisory support/business navigators on scale-ups, allowing businesses with the greatest level of ambition and potential to grow as well as those operating in key priority sectors of the local economy;
- Improving the coordination of local business support actors – joining up Growth Hub resources to connect MSMEs with the best support and advice available;
- Providing a triage, diagnostic, and brokerage service for MSMEs;
- Directing businesses toward the most appropriate local and national sources of support and advice; and
- Enabling local networks and partnerships between MSMEs, business intermediaries, national programs, community and education and research institutions, business accelerator institutions, and the private sector.

Regardless of the delivery model, Growth Hubs raise awareness of local and national sources of export, innovation, access to finance, skills, and generic business support (public and private). Businesses (particularly MSMEs) are able to access this support via a free and impartial single local point of contact, offering a triage, diagnostic, and brokerage service. They will also ensure that all businesses, regardless of size or sector, know what support is available and how to access it. Growth Hubs also play a key role within their region in simplifying and joining up local and national business support, thus allowing businesses to:

- Find the support they need, when they need it;
- Access a free, impartial, and trusted local point of contact;
- Benefit from access to intensive local support and advice providing they have the opportunity, ambition, and potential to grow and scale-up;
- Learn about business opportunities and make contacts through existing local peer-to-peer networks, forums, events, and pop-ups; and
- Receive consistent and up-to-date national and local information, wherever and however they choose to access it.

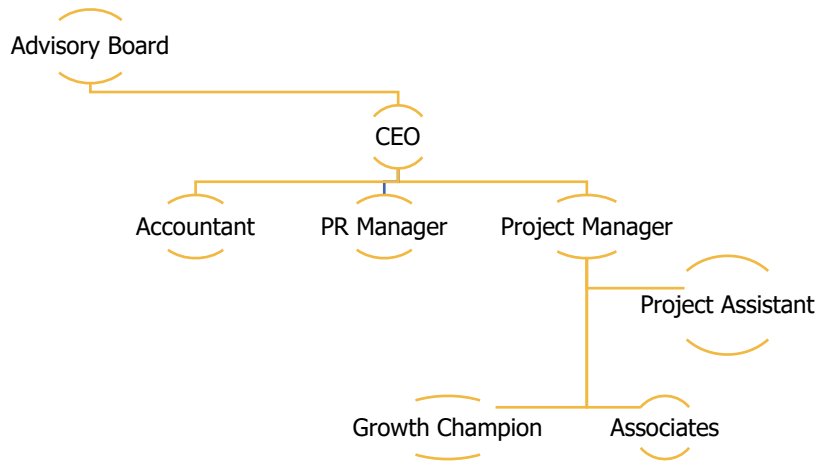
The Growth Hubs would also depend significantly on a number of government bodies and agencies.

Services of Growth Hubs include:

- 1. **Growth support** aimed at accelerating the growth of high-potential businesses through masterclasses, individual consultations, expert advice, and strategic development advice.
- 1.1 **Scale-up support** with a series of workshop and networking activities aimed at providing various insights on organizational capacity-building to prepare business leaders with relevant and specific industry-specific and rural skills to manage the growth of their businesses.
- 1.2 **Mentoring for growth** including individual consultations and mentorship based on a flexible timetable that gives businesses specific advice related to growth strategy.
- 1.3 **Trainings** for business leaders to improve and update knowledge and skills in every-day business activities, such as project management, marketing and social media, distribution channels, taxes and accounting, leadership and management, and HR.
- 2. **Access to finance** which is unique and enables businesses to identify and access private and public funding opportunities and government projects.
- 3. **Export for growth** service, which helps businesses to identify export readiness, to search, analyze, and access international markets (and understand their requirements), and to prepare products for export.
- 4. **Start-up service** for new innovative businesses who want to enter the market.

- 4.1 **Launch** which is start-up service includes the launch phase where businesses are provided with advice on strategy and business plan development and legal issues.
- 4.2 **Acceleration** which offers an opportunity for teams or early-stage businesses to benefit from intensive development support. The program is built around modern business modelling techniques, with access to expert advice, mentors, specialist workshops, market research, and tailored one-to-one support.

The structure of Growth Hubs and job descriptions



The structure of each Growth Hub includes an accountant, a PR manager, and a project manager under the supervision of the CEO. Meanwhile, growth champions, associates, and project assistants are under the supervision of the project manager.

The CEO manages the Managing Agency of the Growth Hub (the Agency) and represents its interests in public, ensures the performance of tasks assigned to it, and disburses the Agency's funds in the manner prescribed by law or strategy. In addition, the CEO manages staff and provides official supervision regarding their activities, acts on behalf of the agency and represents it both in Georgia and abroad, and, within its competency, concludes agreements on behalf of the agency. Moreover, the CEO develops the agency's action plan and priorities, appoints and dismisses agency staff, distributes duties among agency staff, gives them appropriate instructions and assignments, and determines the staffing and salary fund of the agency in agreement with the relevant supervisory body. The CEO also answers to the supervisory body, submits a financial report to the supervisory body once a year, approves the agency's internal regulations, provides semiannual and annual reports to the monitoring authority and advisory board, and shares information among the monitoring body, advisory board, and supervisory body. Finally, the CEO provides information to the monitoring body on a monthly basis, and also develops and implements Growth Hub strategy.

The accountant is responsible for budget spending and purchases.

The PR manager is responsible for fulfilling the internal and external communication plan.

The project manager is responsible for the day-to-day activities of the given Growth Hub and may have project assistant depending on the complexity and size of the region.

Growth champions are full-time employees who deal with: primary screenings of businesses to identify their problems and needs; preparation of databases; and industry analysis.

Associates are part-time experts/specialists or business support organizations and government structures (e.g. LEPLs or municipalities), who are invited based on the needs of businesses and are responsible for advanced services provided by the given Growth Hub, such as trainings, individual consultations, and face-to-face meetings. Associates are paid based on the services that they deliver to businesses. They may come from government structures, such as Enterprise Georgia, the ARDA, GITA, and the GNTA. Furthermore, not-for-profit and business

support organizations, such as agricultural service centers in the regions of Georgia, and the Georgian Chamber of Commerce and Industry may also provide associates.

Note: The position of CEO and project manager may in some cases be merged to optimize the budget.

Job Descriptions

Job title – CEO of a Growth Hub in a target region of Georgia

Reports to - Monitoring authority and advisory board

Job overview

The CEO is the main leader of the given Growth Hub, who is responsible for its strategic direction. The CEO makes final decisions about budget allocation, services, and the communication plan. They also link the Growth Hub with the reporting authority and represent the Growth Hub in public relations.

The position may be part-time or full-time depending on the complexity of the region. Part-time CEOs should have ability to travel and stay in the target region, as required.

Responsibilities and duties

- Budgeting
- Developing and leading the implementation of Growth Hub policy;
- Determining overarching goals and initiatives;
- Establishing positive relationships with stakeholders and other business leaders;
- Participating in public events and presenting the Growth Hub there;
- Gathering information about different programs that support MSMEs in the target region and reporting this information within the Growth Hub team;
- Preparing a final report on actions that the Growth Hub has taken and presenting this to reporting authorities;
- Transmitting the strategic directions and visions laid down by the reporting authorities and advisory board to the Growth Hub team;
- Coordinating the activities of subordinates;
- Demonstrating ability as a confident communicator and presenter;
- Possessing excellent verbal and written communication skills;
- Showcasing excellent organizational and planning skills;
- Having a full understanding of media needs and relationships;
- Being proactive, reliable, responsible, and accurate with immense attention to detail;
- Keeping information confidential;
- Being able to work in high-stress environments; and
- Being self-motivated with a positive and professional approach to management.

Qualifications/credentials

- BA/MA degree in the field of business administration or public administration;

- Working experience in the specific region of Georgia where the Growth Hub is located;
- Working experience with startups and/or with MSMEs;
- At least two years of working experience in a top position in a private company, organization or government LEPL;
- Excellent communication and writing skills in Georgian and English;
- High proficiency in Microsoft programs;
- Good presentation skills;
- Excellent PR skills; and
- Proactive and sociable.

Job title – Accountant of a Growth Hub in a target region of Georgia

Reports to - CEO

Job overview

The accountant works full-time and is responsible for budget spending and purchases.

Responsibilities and duties

- Providing financial information to management after researching and analyzing accounting data, and preparing reports;
- Preparing asset, liability, and capital account entries by compiling and analyzing account information;
- Documenting financial transactions by keeping accounts up to date;
- Summarizing the Growth Hub’s current financial status by collecting information, preparing a balance sheet, profit and loss statement, and other reports/documents;
- Substantiating financial transactions by auditing documents;
- Maintaining accounting controls by preparing and recommending policies and procedures;
- Preparing payments by verifying documentation and requesting disbursements; and
- Complying with financial legal requirements by studying existing legislation.

Qualifications/credentials

- BA/MA degree in tax, accounting, or finance;
- Minimum of five years’ experience in accounting/finance;
- Experience of meeting financial reporting requirements;
- Experience of working with multiple legal entities;
- Written and oral reporting skills;
- Meticulous attention to detail;
- Ability to ensure confidentiality;
- Good time management; and
- Data entry management skills.

Job title – PR manager of a Growth Hub in a target region of Georgia

Reports to - CEO

Job overview

The PR manager is responsible for enacting the internal and external communication plan of the given Growth Hub. This is a full-time job.

Responsibilities and duties

- Coordinating all public relations activities;
- Developing a marketing communications plan including strategy, goals, budget, and tactics;
- Developing a media relations strategy, seeking high-level coverage in print, broadcast, and online media;
- Managing social media pages/accounts and engaging audiences across traditional and new media;
- Managing media enquiries and interview requests;
- Creating content for press releases, byline articles, and keynote presentations;
- Monitoring, analyzing, and communicating PR results on a quarterly basis;
- Evaluating opportunities for partnerships, sponsorships, and advertising on an on-going basis; and
- Maintaining a full understanding of industry trends affecting clients and making appropriate recommendations regarding communication strategy accordingly.

Qualifications/credentials

- BA/MA degree in marketing, advertising, communications, business administration or a related discipline;
- Working experience in public relations;
- Working experience in designing and executing successful public relations campaigns at both a local and national level;
- Strong relationships with both local and national business and industry media outlets;
- Experience of acting as a company spokesperson, comfortable and skilled in both broadcast and print media interviews;
- Exceptional writing and editing skills;
- Proven experience with social media (including Facebook, Instagram, Twitter, etc.); and
- Event planning experience.

Job title – Project manager of a Growth Hub in a target region of Georgia

Reports to - CEO

Job overview

The project manager is responsible for the day-to-day activities of the Growth Hub.

Responsibilities and duties

- Planning and overseeing projects and services to ensure they are completed in a timely fashion and within budget;
- Planning and designating resources, preparing budgets, monitoring progress, and keeping stakeholders informed throughout;

- Preparing semiannual and annual reports of achieved results to submit to the CEO;
- Organizing meetings with specialists, experts, and associates;
- Coordinating growth champions;
- Coordinating research of industries or the region and composing a research report;
- Developing new services in line with the strategic goals and mission of the Growth Hub;
- Planning events and workshops for MSMEs;
- Conducting day-to-day activities to meet the strategic goals and mission of the Growth Hub;
- Preparing any report that the CEO needs, presenting the results of the Growth Hub's achievements internally or externally; and
- Communicating with the PR manager and accountant when carrying out daily activities.

Qualifications/credentials

- BA/MA degree in business administration, public administration, project management or a related discipline;
- Working experience in the target region;
- Project management experience or certification;
- Proven ability to solve problems creatively;
- Excellent analytical skills;
- Strong interpersonal skills and resourcefulness; and
- Proven ability to complete projects according to the outlined scope, budget, and timeline.

Job title – Project assistant at a Growth Hub in a target region of Georgia

Reports to – Project manager

Job overview

The project assistant is responsible for the day-to-day activities of the Growth Hub and other duties as assigned by the project manager.

Responsibilities and duties

- Daily duties assigned by the project manager;
- Participating in planning and overseeing Growth Hub services;
- Managing and organizing information for the project manager to plan and designate resources, prepare budgets, monitor progress, and keep stakeholders informed throughout;
- Organizing meetings with specialists, experts, and associates;
- Participating in the coordination of growth champions;
- Participating in conduction of day-to-day activities in line with the strategic goals and mission of the Growth Hub;
- Participating in the event management process;
- Preparing any information that the project manager needs, presenting the results of Growth Hub achievements internally or externally;

- Gathering information about different funding programs and services for MSMEs to gain access to finance, and delivering these to subordinates; and
- Based on predetermined directions, communicating with the PR manager and accountant when doing daily activities.

Qualifications/credentials

- BA degree in business administration, public administration, project management, or a related discipline;
- Proven ability to solve problems creatively;
- Good analytical skills; and
- Good interpersonal skills and high resourcefulness.

Job title – Growth champion of a Growth Hub in a target region of Georgia

Reports to – Project manager

Job overview

A growth champion is a full-time employee, dealing with primary screenings of businesses to identify their problems and needs, and the preparation of databases and industry analysis. This position is for proactive members of the given Growth Hub who are responsible for attracting businesses and enhancing activity under the umbrella of the Growth Hub.

Responsibilities and duties

- Screening local MSMEs in a proactive way;
- Collecting primary data about local businesses and local market trends;
- Conducting industry research and preparing data for study reports;
- Updating databases about local MSMEs semiannually and annually;
- Analyzing the impact of Growth Hub services to MSMEs;
- Preparing quarterly and semiannual reports and submitting these to the project manager;
- Participating in the organization of meetings with specialists, experts, and associates;
- Disseminating information about Growth Hub services and the Growth Hub itself;
- Dealing with primary screening of businesses to identify problems and needs;
- Communicating with associates and planning their meetings with MSMEs;
- Conducting day-to-day activities to meet strategic the goals and mission of the Growth Hub;
- Preparing invoices or contracts in coordination with the accountant for Growth Hub service recipients;
- Preparing any report that the project manager or CEO needs, presenting the results of Growth Hub achievements internally or externally; and
- Communicating with the PR manager and accountant when carrying out daily activities.

Qualifications/credentials

- BA/MA degree in business administration or a related discipline;
- At least two years of experience of working with MSMEs;
- Working experience in the target region;
- Proven ability to solve problems creatively;

- Excellent analytical skills;
- Strong interpersonal skills and high resourcefulness;
- Proven ability to complete projects according to the outlined scope, budget, and timeline;
- Experience of participation in research projects (preferable); and
- Certificate(s) in entrepreneurship or MSME management (preferable).

Job title – Associates of a Growth Hub in a target region of Georgia

Reports to – Project manager

Job overview

Associates are experts/specialists, who are invited based on the needs of businesses and are responsible for advanced services provided by the Growth Hub, such as trainings and individual consultations. Associates are paid based on services delivered, and work part-time in accordance with the needs of MSMEs.

Responsibilities and duties

- Analyzing primary screening information about Growth Hub service recipients gathered by growth champions;
- Conducting individual or group work plans to support/promote the development of target MSMEs; and
- Preparing reports about conducted activities leading to target MSME development in a measurable way.

Qualifications/credentials

- BA/MA degree in business administration or a related discipline;
- At least five years of experience of working with MSMEs;
- Working experience in the target region;
- Proven knowledge of the relevant field;
- At least two years of experience conducting trainings or workshops (proven teaching skills); and
- Strong interpersonal skills and high resourcefulness.

Internal and external communication plan

Internal communication plan

Purpose

The purpose of this document is to define the information flow to be used during the provision of Growth Hub services and to ensure that all personnel associated with the given Growth Hub are informed of the progress being made, as well as the issues, resolutions, and adjustments which affect it.

Audience

This document is intended to serve as a reference point for Growth Hub employees and associates, as well as for the advisory board.

Communications requirements

Growth Hub staff will be required to communicate information, which contributes to project success or would cause a negative impact if not otherwise communicated.

The information that should be communicated downward includes but is not limited to:

- Changes to the Growth Hub's mission and objectives;
- Central issues related to budget allocation;
- Information about different programs that support MSMEs in the target region; and
- Strategic directions and visions determined by the advisory board.

The information that should be communicated upward includes but is not limited to:

- Progress of work done (task/service/program-related);
- Scope status and requests for change, and
- Issues and risks.

Communication tools and meeting frequency

All documentation and templates will be available and can be shared via email between team members. This may include:

- The charter;
- The issues log;
- Risk documentation;
- Communication plan;
- Change management plan and process; and
- All types of reports.

Report types and frequency

All of the following reports should be saved in electronic format. The responsible persons for such reports are the project manager and the CEO:

- Annual report for advisory board meeting – prepared and presented by the CEO annually at advisory board meetings, and should include information from all reports.
- Semiannual and annual reports on achievements – prepared by the project manager and approved by the CEO. Information should contain all activities carried out by Growth Hubs and the impact of those activities. Semiannual reports are sent to the advisory board for further comments and discussion, and the annual reports are sent to the CEO who then presents it at the advisory board meeting.
- Annual financial report – prepared by the accountant and should contain a separate section about deviations from the budget, if any.
- Quarterly report on the communication plan – prepared by the PR manager, monitoring, analyzing, and communicating PR results on a quarterly basis. The report should contain a separate section about events planned, if any.
- Quarterly and semiannual reports on the impact of Growth Hub services to MSMEs – prepared by growth champions and submitted to the project manager.

Meeting frequency

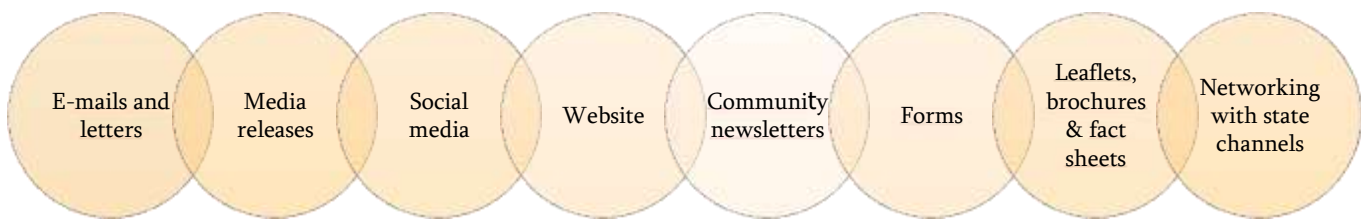
- Bi-weekly: PR manager meets with project manager and, if needed, growth champions.

- Bi-weekly: Project manager with growth champions.
- Weekly: CEO with project manager.
- Monthly: CEO with all employees.
- Annually: Advisory board with CEO.

Meeting protocol

In each meeting, the organizer is named as the meeting leader who is responsible for facilitating the meeting and keeping attendees informed. A record of attendance should be taken at each meeting. Moreover, any action items or issues resulting from a meeting should be documented and recorded in an electronic database as appropriate. If any decisions are made at a given meeting, the meeting minutes should subsequently be sent to all meeting attendees.

External communication plan



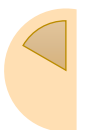
Communication Channels

Website

The website presents everything that the Growth Hub does as an organization. The primary purpose of each Growth Hub website is to provide customers with access to immediate, up-to-date information on services and activities in a convenient and cost-effective way.

The website must cater to a general audience, as it is accessible to all with internet access.

Due to its content and reach, and its ability to provide information quickly and conveniently, the website is considered to be a priority communication channel.



Goals

Goal 1: Accurate, current and consistent website content

Goal 2: Logically grouped and structured website content

Goal 3: Improved design and functionality



Purposes

1: To give users confidence that the website is a reliable source of up-to-date information;

To reduce the risks created by misinformation to website users; and
To illustrate the work done by the given Growth Hub.

2: To make it easier and quicker for customers to access the information they want.

3: To make it more visually appealing for customers to provide more options for customers to complete transactions or provide feedback.



Key Results

1: All information on the website is up-to-date and accurate.

2: Feedback from users indicating they can find/are satisfied with information on the website.

3: Increasing number of website users.


Press releases

The main purpose of press releases and other interaction of that nature is to alert the media to, and provide key information on, newsworthy Growth Hub activities, and to answer media queries on any issues so they can be widely reported to the community through a variety of media channels.

Press releases are generally targeted toward the widest possible audience because they contain newsworthy information that is likely to affect, or be of interest to, a large number of people.


Press releases are a priority for Growth Hubs because they are an efficient and cost-effective way of disseminating news to a wide audience, via a range of community and national channels. Although Growth Hubs do not control if or how a media outlet will present such releases, a newsworthy and well-structured press release increases the chance of it being taken up by media and should ensure that a Growth Hub's key messages are repeated in any subsequent reporting. It is therefore essential that the standards of press releases and good relationships with media are maintained, and that media coverage is monitored.

As nearly 30% of the target audience in Samegrelo-Zemo Svaneti region identifies television as the best way to consume information, press releases must reach regional or national channels through the communication plan.




Goals

- Goal 1: Establish good relationships with media representatives at community level.
- Goal 2: Monitor media coverage and strategically planned press releases.



Purposes

- 1: To ensure that each Growth Hub has partners within media channels to address them when needed in a timely manner.
- 2: To ensure Growth Hubs are aware of issues that are developing and are able to address these proactively through the media before they become problematic.



Key Results


- 1: Growth Hub events and news disseminated by media channels in a timely manner.
- 2: The given Growth Hub is aware of any pertinent news and developments before they appear in the media.


Social media


Social media is a priority goal under this strategy. It represents one of the most important channels for sharing information such as press releases and notices.

The specific target audiences are yet to be confirmed and will need to be aligned with the agreed purpose and goals of social media pages/accounts accordingly. In the interim, social media content is aimed at a general audience (i.e. those active on Facebook). Although the region of Samegrelo-Zemo Svaneti is well-covered in terms of cellular communication and while internet access is not a problem, around 30% of the region's population still consider television the main media source of information. The target audience of the Growth Hub here includes younger generations though, who are more active on social media, which means having a sufficient social media presence will be important.

The increasing importance of social media (particularly Facebook) is clear for Growth Hubs, as a mainstream communication channel with potential to engage effectively with the local community. A good social media presence is therefore viewed as a priority, as well as encouraging more of the local community to use social media as a means of information.

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- Goals**
- Goal 1: Use of Facebook for Growth Hub information maximized.
 - Goal 2: Facebook page used in much the same way as the website.
 - Goal 3: Facebook used to communicate with stakeholders.

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- Purposes**
- 1: To ensure that the Growth Hub has partners within media channels who can be addressed when needed in a timely manner.
 - 2: To ensure the provision of a variety of useful/relevant information to users.
 - 3: To ensure gathering of feedback from stakeholders.


- 
- Key Results**
- 1: Promote use of Facebook for notices, advertising and other small news items; post content on Facebook and record the number of likes, shares, and responses.
 - 2: User numbers continue to increase day by day.
 - 3: All questions answered within less than 1 hour.


E-mails and letters


The purpose of e-mails and letters is to communicate directly with individuals, groups, or organizations on specific matters, often with the aim of receiving a response of some kind. Other than verbal conversation, e-mails and letters are the most prolific form of communication for Growth Hubs and provide a clear record of both formal and informal interaction between Growth Hub employees and beneficiaries.

E-mails and letters always have a specific target audience depending on the matter or matters being addressed. The tone (formal/informal) of the correspondence should thus be appropriate to the given audience.

Due to the volume of e-mails and letters sent to and from Growth Hubs every day, and the wide range of matters addressed, they represent priority communication channels. Ensuring that professional standards and efficiency are maintained, that customer needs are met, and that risks are reduced for both Growth Hubs and their beneficiaries are all key priorities.

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- Goals**
- Goal 1: Standards and guidelines in place for written correspondence.
 - Goal 2: A process in place for acknowledging and tracking all incoming written correspondence.

- 
- Purposes**
- 1: To ensure the Growth Hub team corresponds with beneficiaries and stakeholders in a professional manner.
 - 2: To protect and enhance the reputation of Growth Hubs.
 - 3: To ensure beneficiaries know their correspondence has reached a given Growth Hub to ensure accountability for timely responses.

- 
- Key Results**
- 1: No complaints received about the standard of written correspondence.
 - 2: Receipt of all written correspondence from beneficiaries acknowledged within 5 working days.


Forms

The purpose of forms is to obtain information from beneficiaries in order to complete a wide variety of transactions between the Growth Hub and its beneficiaries - from establishing consent to offering services and programs. Forms usually also communicate essential information to beneficiaries, so represent an important two-way communication channel.

The target audiences for forms are dependent on what sort of information a given Growth Hub is trying to gather or communicate. Some forms have a more general audience (such as a form for businesses to gather information), while forms concerning the primary screening of a business have a more specific audience. Regardless of the audience, it is important that all forms are designed to be as beneficiary friendly as possible while also enabling the Growth Hub to conduct its business in the most efficient way.

Due to the important role played by forms in the way Growth Hubs' day-to-day business is conducted and in their two-way communication with customers, they are considered a priority.

In terms of confidentiality, some forms may contain information that is confidential or not for public consumption. Therefore, databases created in Growth Hubs are not publicly shared until the project manager and CEO approves them.




Goals

Goal 1: Forms produced of a consistent standard and quality.

Goal 2: A design that signals a particular unit or activity of the Growth Hub.

Goal 3: Electronic access to forms provided, where appropriate.




Purposes

1: To ensure forms are beneficiary-friendly and enable smooth transactions to reflect the professional standards of the given Growth Hub.

2: To make it easier for the Growth Hub team to determine the particular purpose of a form to increase the effectiveness of its databases.

3: To make information available and sharable among stakeholders, if it is not confidential.



Key Results

1: Forms are formatted in accordance with the style guide.

2: All forms are converted, and databases are available in an electronic format.

Leaflets, brochures, & fact sheets

The purpose of leaflets, brochures, and fact sheets is to provide useful ‘take-away’ information for customers about Growth Hub-related activities, services, and facilities, such as development contributions, services and resources, opening hours, and the competitive advantages of working with Growth Hubs. They can provide more detailed information about a service that someone is either currently accessing or intending to access, and can also help to attract new beneficiaries.

The target audiences for leaflets, brochures, and fact sheets depend on the activity or service to which they relate and what their main purpose is. They are usually only available for MSMEs who are potential customers of Growth Hub services and programs.

Leaflets, brochures, and fact sheets are useful communication channels, however their usefulness is limited unless they are readily available and widely distributed to their target audiences. It could also be expensive for Growth Hubs to produce them and maintain their currency in print form. The initial priority is ensuring current leaflets, brochures, and fact sheets are useful, relevant, professional, and easily accessed by their target audiences.

Community newsletters

The purpose of community newsletters is to enable Growth Hubs to provide information to specific communities.

For community newsletters containing general information, targeted audiences are all those living within the affected area or region.

Community newsletters are generally widely read within their respective communities. They are also a cost-effective way of conveying information to local residents. Growth Hubs aim to use community newsletters wherever possible, however the such publications can be limited in terms of space and formatting options, and frequency of release (most are only published monthly).

Networking with state channels

This is a two-way network with communication channels of different government structures as well as LEPLs. The purpose of these channels is to enable Growth Hubs to provide information about specific government projects, and to share success stories and information about LEPLs and their services. Moreover, they are used to provide information about benefits and results of Growth Hub activities for promotion and other purposes.

As the State has a centralized communication channel for sharing information about all LEPLs, including all services and support for businesses, Growth Hubs should provide all necessary information to such a central communication channel as it is part of the government support program seeking to develop the rural economy.

Operational plan

This is a document approved by the CEO and consented to at the annual meeting of the advisory board, enabling the organization to define its main objectives, to have greater control over its direction, to be proactive, to assess risk, and to improve performance. An operational plan maps out the annual objectives for a Growth Hub and proposes steps as to how a goal will be accomplished, leadership, timelines, and success indicators. Operational plans contain high-level information regarding the pursuit of short-term or annual objectives of the organization, and should be discussed with the advisory board and final approval should be granted by the Ministry of Economy and Sustainable Development.

This document is earmarked for the organizational leadership (i.e. the CEO and project manager). It can also be used by the leadership team (including growth champions).

Operational plans bring together all of the goals identified by the given Growth Hub into a single document for one year, in pursuit of its mission.

1. The overall description of purpose of a Growth Hub

Growth Hubs are not-for-profit organizations designed to support MSMEs via different programs and services to help them find the best possible support in order to grow. A Growth Hub serves as a bridge for businesses to access specialists for consultancy or training on a given topic, such as exporting or access to finance. A Growth Hub acts as a communicator and negotiator at the national level with government, advisers, businesses, academia, and others. The range of programs and services offered enable the primary industry sector to take action to manage change, to adjust to business challenges, to improve profitability, and to plan for the future. Services are developed in partnership with government, industry specialists and experts, and other organizations that support regional development to assist rural businesses to become competitive, sustainable, and resilient.

The mission of a Growth Hub is to support rural/local MSMEs' development thereby facilitating economic growth across the country.

The goal of a Growth Hub is to implement the policies and programs providing support services to MSMEs' growth and scale-up, to act as a facilitator with government, and as a distributor of business-relevant information in rural area. Growth Hubs encourage innovation, investment, and collaboration to create a conducive environment for business growth.

2. Primary areas of focus

The main principle of a Growth Hub is to promote the sharing of best practices for local economic development. Growth Hubs promote successes of local MSMEs, and always advocate their role and highlight achievements with the aim of emphasizing the role of Growth Hubs in local economic development.

The main areas of focus for Growth Hubs are:

1. Best Practice Sharing & Informing

- 1.1 Share best practices, ideas, and innovation by working with the expert group (associates), who in turn have a significant input in the operations of the Growth Hub.
- 1.2 Following the lead taken by the Growth Hub's CEO, host and coordinate regular operational themed workshops for the Growth Hub team on policy areas, such as industrial strategy, skills, communications, and operational areas like assurance framework, data on delivery activity, and successful impacts.
- 1.3 Keep all partner businesses with regular updates and share information from government, its agencies (LEPLs), international organizations, and external stakeholders, thereby acting as a distributor of business-relevant information in rural areas.
- 1.4 Maintain a Growth Hub database, and respond to communication and enquiries from stakeholders, with the aim of linking local MSMEs and partners.

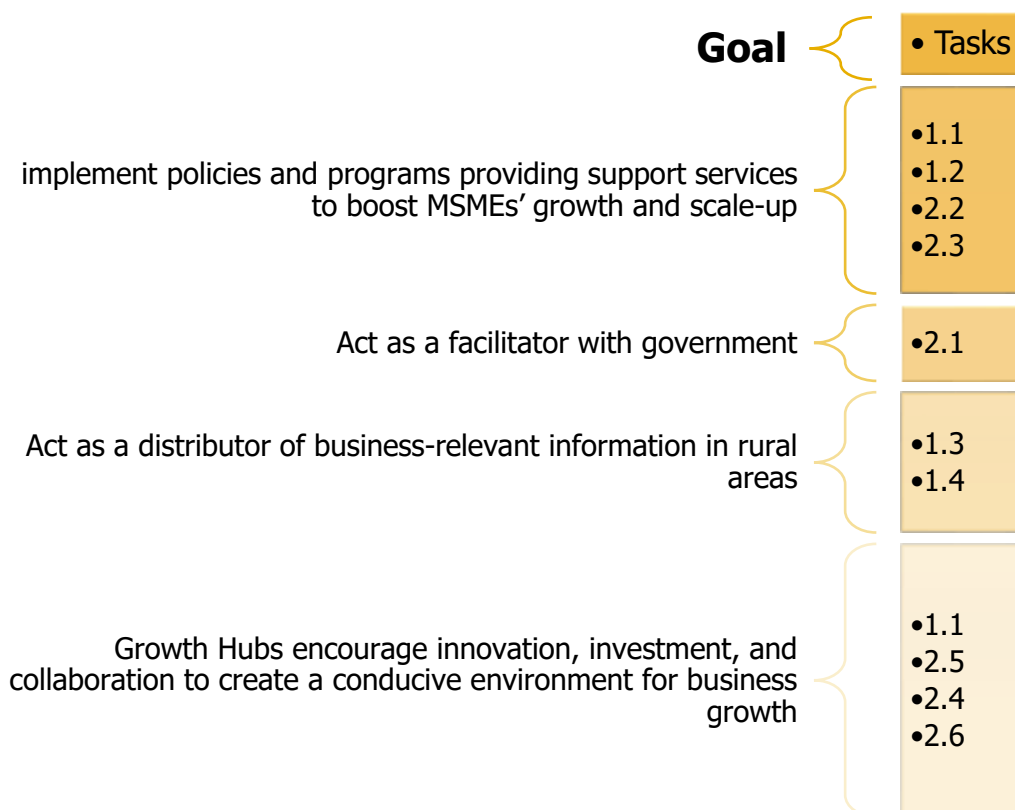
2. Influencing

- 2.1 Create opportunities for MSMEs to influence strategic thinking and emerging government policy, through the coordinating of roundtables on strategic topics that are of interest to all parties.
- 2.2. Create opportunities for MSMEs to make changes in their business development and strive for growth and prosperity in local, national, and international markets via individual trainings, consultations, face-to-face meetings, and individual growth and export plans.
- 2.3. Create opportunities for the local labor market to increase their competence and qualification levels.
- 2.4. Participate in improving the local investment environment to increase the opportunity of MSMEs to access finance in different ways (based on individual financial advisory services, consultations, etc.).
- 2.5. Encourage research and innovation to identify the potential of the given region, and to promote investments in new industries for local economic growth.
- 2.6. Encourage collaboration to create value chains and partnerships for businesses or for sharing success stories.

3. Promoting Growth Hubs

- 3.1 Be a proactive and vocal advocate for Growth Hubs, promoting their achievements and success through the website, social media, e-newsletters, at events, other communication channels, and in all dialogue with government and stakeholders.
- 3.2 Continue working with partners and the public to promote the importance and strength of Growth Hubs in local economic development.

3. Growth Hub goals – tasks interconnection



4. Advisory board

A Growth Hub actively cooperates with the advisory board whose activities are regulated by the draft outline of the given Growth Hub's advisory board.

Operational plan

Operational plan deliverables

The table below summarizes the deliverable outcomes from the year 2020 in the following main focus areas:

Focus Area	Success Indicator
1. Best Practice Sharing & Informing	
1.1 Share best practices, ideas, and innovation by working with the expert groups (associates), who in turn have a significant input in the operations of the Growth Hub.	<ol style="list-style-type: none"> 1. Compose an expert database with at least 50 experts from different backgrounds including: marketing and sales; finance and accounting; tax; agriculture; tourism; and food safety and quality assurance.
1.2 Following the lead taken by the Growth Hub's CEO, host and coordinate regular operational themed workshops for the Growth Hub team on policy areas, such as industrial strategy, skills, communications, and also operational areas like assurance framework, data on delivery activity, and successful impacts.	<ol style="list-style-type: none"> 1. Conduct at least two workshops for the Growth Hub team. 2. Conduct meetings as provided for by the internal communication plan. <ul style="list-style-type: none"> ○ Bi-weekly: PR manager meets with the project manager and, if needed, growth champions.

	<ul style="list-style-type: none"> ○ Bi-weekly: Project manager meets with growth champions. ○ Weekly: CEO meets with project manager. ○ Monthly: CEO with all employees. ○ Annually: Advisory board with CEO.
1.3 Provide all partner businesses with regular updates and share information from government, its agencies (LEPLs), international organizations, and external stakeholders, thereby acting as a distributor of business-relevant information in rural areas.	<ol style="list-style-type: none"> 1. Prepare a database of MSMEs based on the information checklist provided for primary assessments of businesses, and gather information about 500 local MSMEs (start-ups and scale-ups). 2. Prepare an e-mail database for sharing information with partner MSMEs 3. Prepare one meeting with all potential partners of Growth Hubs (LEPLs, international organizations, business support associations, etc.) to introduce the Growth Hub concept and to form future cooperation for dissemination of mutually needed information.
1.4 Maintain a contact database for the Growth Hub, and respond to enquiries from stakeholders, with the aim of linking local MSMEs and partners.	<ol style="list-style-type: none"> 1. Gather information about 500 local MSMEs (start-ups and scale-ups). 2. Prepare an e-mail database to share information with partner MSMEs.
2.Influencing	
2.1 Create opportunities for MSMEs to influence strategic thinking and emerging government policy, through the coordinating of roundtables on strategic topics that are of interest to all parties.	<ol style="list-style-type: none"> 1. Organize a meeting semiannually for business representatives and local or national government representatives to discuss ongoing issues.
2.2. Create opportunities for MSMEs to make changes in their business development and strive for growth in local, national, and international markets.	<ol style="list-style-type: none"> 1. Organize at least 15 group trainings. 2. Organize individual consultations for at least five businesses, including on: <ul style="list-style-type: none"> ○ Scale-up support; and ○ Mentoring for growth. 3. Organize at least one export helpdesk.
2.3. Create opportunities for the local labor market to increase the competence and qualification levels of the local community.	<ol style="list-style-type: none"> 1. Organize at least five trainings for the local community (for example on how to prepare CV, and how to conduct a productive interview).

<p>2.4. Participate in improving the local investment environment to increase the opportunities of MSMEs to access finance in different ways.</p>	<ol style="list-style-type: none"> 1. Offer at least five services related to access to finance
<p>2.5. Encourage research and innovation to identify the potential of the region, and promote investments in new industries pursuant to local economic growth.</p>	<ol style="list-style-type: none"> 1. Conduct at least three research papers individually or in partnership with academia. <p>Suggested topics for the papers include:</p> <ul style="list-style-type: none"> • Analyze the investment environment of the region • Analyze business opportunities • Analyze existing conditions in the business environment
<p>2.6. Encourage collaboration to create value chains and partnerships for businesses or for sharing success stories.</p>	<ol style="list-style-type: none"> 1. Arrange at least one networking meeting to link representatives of the same industry. 2. Organize at least one site tour for businesses to share best practices.
<p>3. Promoting</p>	
<p>3.1 Be a proactive and vocal advocate for Growth Hubs, promoting their achievements and success stories through the website, social media, e-newsletters, at events, other communication channels, and in all dialogue with government and stakeholders.</p>	<ol style="list-style-type: none"> 1. Prepare accurate, current, and consistent content for the website and social media pages/accounts. 2. Establish good relationships with media representatives at community level. 3. Ensure that the Growth hub team corresponds with customers and stakeholders in a professional manner.
<p>3.2 Continue working with partners and the public to promote the importance and strength of Growth Hubs with respect to local economic development.</p>	<ol style="list-style-type: none"> 1. Prepare leaflets, brochures, and fact sheets to provide useful 'take-away' information for customers about Growth Hub-related activities, services, and facilities. 2. Publish 12 articles in community newsletters. 3. Prepare a year-end conference to share details of achievements of the Growth Hub with the public.

Success indicators

For purposes of impact assessment, the Growth Hub team should analyze several indicators that evaluate the effectiveness of its services. Such analysis would inform the annual report and should be submitted to the advisory board. Moreover, each Growth Hub service should have specific success indicators and a methodology for measurement that should be developed by the associates responsible for delivering each service. The indicator should be measured before and after the service is completed. The following indicators would be pertinent in this regard:

- **Turnover** –the net sales generated by a business, thus indicating how much its activity has increased or decreased. This may be affected by improved/worsened operations, entry into new markets, release of new products, or the launching of a new targeted marketing campaign. The analysis should include the main reasons behind changes in turnover and highlight any links to services provided by Growth Hubs. Ultimately, increased turnover for businesses means increased business activity for the region as a whole.
- **Profit margin** – net income divided by sales, indicating the relative profitability of a business activity. An increased profit margin indicates that a business has improved its operations: costs may be cut, or revenue may be increased. An increased profit margin means it is more profitable and thus has more growth potential.
- **Fixed (long-term) asset growth** – this figure indicates the ability of a business to access finance, as fixed assets acquisition is related to investment. It also indicates the growth potential of the business and thus indicates the status of the investment environment in the region.
- **Access to new markets** – the analysis of business sales potential increases business opportunities. Moreover, access to new markets is an indicator of business growth that is usually accompanied by increased revenues and profit margin. Businesses with export potential may expand into new countries, while local businesses may increase their coverage area within their home country.
- **Business registration data** – can be measured in two ways. One way is through data of the region indirectly related to Growth Hub activities and measures improvements in the business environment of the region. The other is through data of those businesses that were Growth Hub service receivers (beneficiaries). Those businesses may be start-ups or existing businesses working without legal status that registered their business activity based on any Growth Hub service (e.g., consultation about legal status, access to finance services that may include registration, etc.).
- **Data on updating/changing business status** – enhancing the business's status means increased revenues and growth (for example changing from a small business to a limited liability company). For rural entrepreneurs, such an upgrade in status means new opportunities and for the wider economic environment it mostly means increased tax revenues, growing business potential, an increased number of medium and large businesses, and greater export potential.

Operational Plan

Budget

Task	Success Indicator	Source	Responsible Person	Budget
1.1	1	insource	growth champions	0
1.2	1	outsource	trainer/expert	1000
	2	insource	GH team	0
1.3	1	insource	growth champions	0
	2	insource	growth champions	0
	3	insource	GH team	5000
1.4	1	insource	growth champions	0
	2	insource	growth champions	0
2.1	1	insource	GH team	5000
2.2*	1	insource	associates	15000
	2	insource	associates	5000
	3	insource	associates	5000
2.3	1	insource	growth champions	0
2.4*	1	insource	growth champions/associates	15000
2.5	1	both	Project Manager/Academia	0
2.6*	1	insource	GH team	5000
	2	insource	GH team	1500
3.1	1	both	PR manager/web developer	10000
	2	insource	PR manager	0
	3	outsource	trainer/expert	2500
3.2	1	outsource	marketing agency	5000
	2	outsource	community newsletter	4000
	3	insource	GH team	10000
			Operational Budget	89000

* the budget is calculated for a minimum number of services with maximum outcome

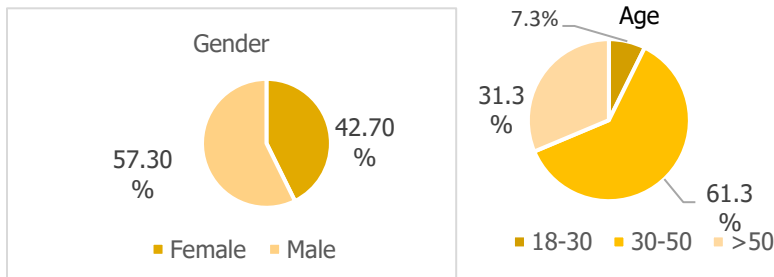
Payroll	GEL	Description
Payroll	230880	Total payroll for all Growth Hub team members (except associates) annually including tax
Facility		
Repairs	47850	150 square meters space renovation (US\$60 per square meter) and fitting (US\$50 per square meter)
Rent	4200	350 GEL monthly payment for 150 square meters
Supplies	3600	
Marketing		
Content Making	7500	
Boosting	17500	
Administrative Budget	311530	
Annual Total Budget	400530	

Annexes

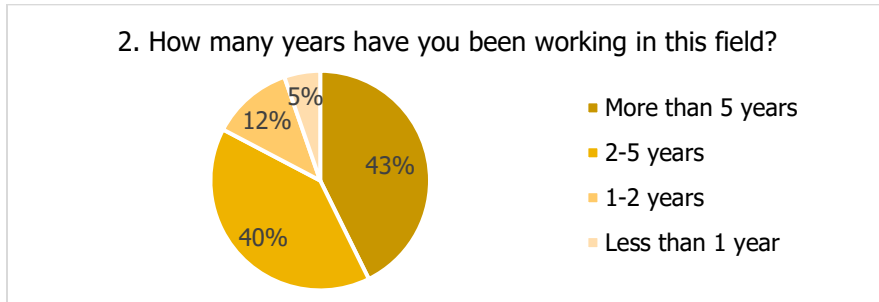
Annex 1 - Report on questionnaire survey of beneficiaries

A questionnaire survey was conducted with potential beneficiaries of a Growth Hub in one of the target regions of Georgia to explore and identify the demand for services to be offered and their overall awareness regarding different governmental support programs. A further deliverable was an operational plan for a Growth Hub for Samegrelo-Zemo Svaneti region, so the respondents to the questionnaire were exclusively from this region.

SavvY processed basic information (contact details; gender; age; industry; municipality) about potential beneficiaries in the Samegrelo-Zemo Svaneti region in the course of preparing the survey. SavvY interviewed 150 business representatives, of which 61% were aged 30-50 and 8% were aged 18-329 The remaining 31% were aged over 50. Beneficiaries of the Growth Hubs could be business representatives of any age. Gender balance was also more or less ensured during the survey.



The business representatives were from many industries including agricultural production or services (such as beekeeping, poultry, greenhouses, or wine production) and non-agricultural production or services (such as polyethylene bottles, the food industry, tourism, family hotels, sewing, and photo studios). The business representatives came from around 30 different settlements, ranging from small villages to towns.



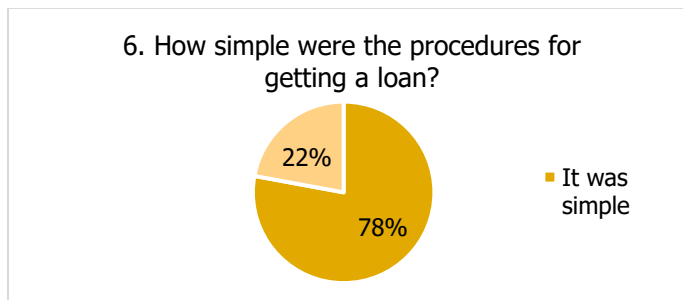
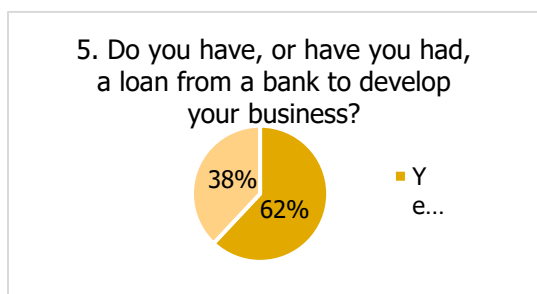
The respondents' experience in business activities was also diverse. Indeed, 40% of the businesses had been active for 3-5 years. A similar percentage (43%) had more than 5 years of business experience, while only 17% had less than two years of business experience. The diversity of experience levels ensured that varying business needs were taken into account.

Services of Growth Hubs need to be more oriented towards micro businesses. Among the potential beneficiaries, 31% represented micro businesses, 34% were sole proprietors, and 15% represented small businesses. According to Georgian legislation, micro businesses are those with a turnover of up to 30,000 GEL per year, while sole proprietors and small businesses may have turnover of up to 100,000 GEL per year.



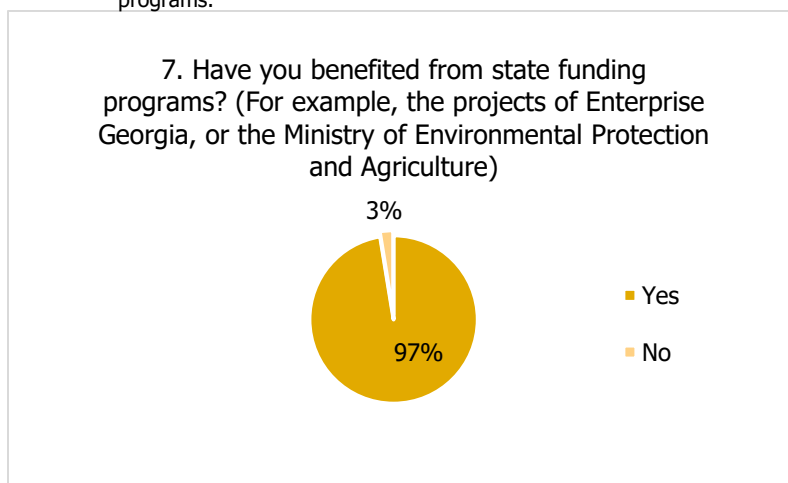
22% found getting a loan to be hard; MSMEs need support to access finance.

Most potential beneficiaries (62%) have had a loan from a bank for business development and 22% of them noted that they found the procedures for getting a loan difficult. Those beneficiaries need additional training and mentorship to facilitate easier access to finance.

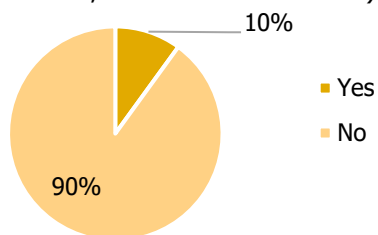


10% had benefited from international organizations' support; The majority of respondents found it difficult or very difficult to find information about international funding programs.

Most respondents (97%) had benefited from state funding programs, while only 10% had benefited from international organizations' support. An explanation for that may be that it is easier to find information about state programs in the region compared to international funding programs.

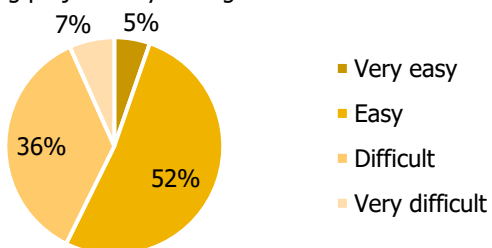


8. Have you benefited from other funding programs, such as international organizations and companies? (For example, BP, the EU, World Bank and so on)



According to 43% of respondents, it is difficult to obtain all necessary information about grants and funding programs.

9. In your opinion, how easy is it to find information on various funding projects in your region?

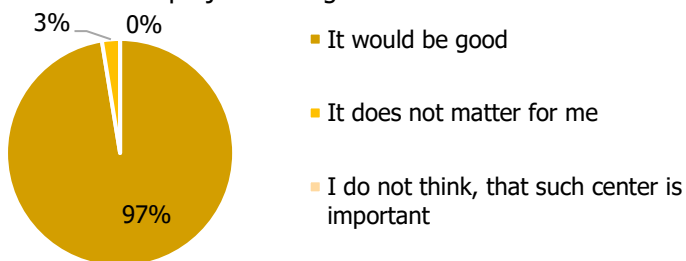


43%

said it is difficult to provide all information about grants and funding programs.

Although over half of respondents (52%) thought that finding information is not difficult, it is clear that there is a need for an information center to provide comprehensive information about grants and funding programs to beneficiaries (97.3% of potential beneficiaries agreed with the latter point). Therefore, access to finance would be a unique and important service which enables businesses to identify and access private and public funding opportunities and government projects.

10. In your opinion, how would you feel about the establishment of an information center providing you with detailed information on various government projects and grants?

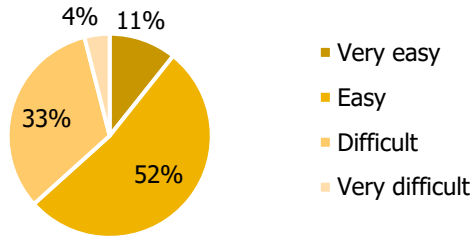


97.3%

felt that an information center providing all information about grants and funding programs would be good.

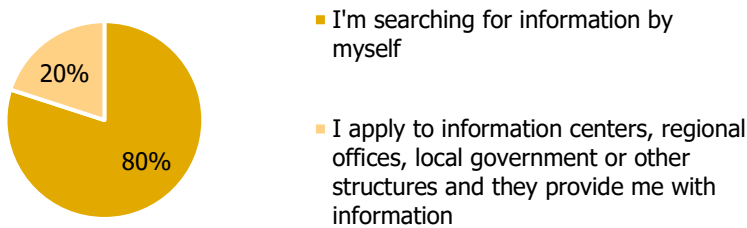
Questions were also asked about tax-related issues and their ability to find information about planned changes in legislation. Overall, 37% of beneficiaries found it difficult to access such information, while 4% found this very difficult. Meanwhile, 63% found it easy to access tax-related information.

11. How easily can you access complete information on tax-related business issues and planned changes in legislation?



Most of the potential beneficiaries obtain information themselves. Only 20% referred to information centers such as regional offices, local government, or other structures. This percentage is low because there are few such centers or structures in the region and business-relevant services are scattered across various bodies. The purposes of the Growth Hub would be to implement policies and programs providing support services to MSMEs, to act as a facilitator with government, and to serve as a distributor of business-relevant information in rural areas. That means Growth Hubs can provide all services relevant to business development in one environment that will save entrepreneurs time, and help them not only with day-to-day issues but with long-term development planning as well.

12. Do you find such information by yourself or are there any information centers that you can consult?



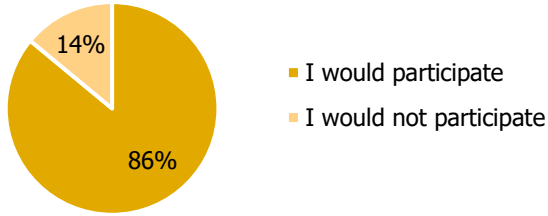
Overall, 57% of entrepreneurs think that consulting services are available in the Samegrelo-Zemo Svaneti region. This region is more active and, because of its high development potential, there are numerous governmental and other support programs for businesses. Thus, their services are more general and not oriented toward individual mentorship for entrepreneurs.

13. Is consulting or training available in your region to help you manage your business properly? (For example, tax training, accounting training, production cycle management or individual consulting relevant to your field)



A significant proportion of respondents mentioned that they would participate in business development trainings (86%), while nearly three-quarters of them said they would participate in such trainings whether these were paid or not.

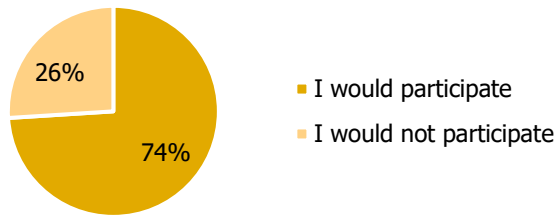
14. Would you participate in training on issues such as how to manage a business (taxes, finance, accounting, etc.)?



86%

would participate in business development trainings

15. Would you participate in such paid trainings?

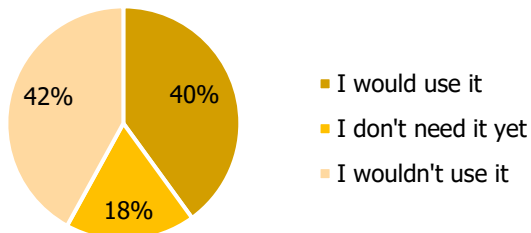


74%

would participate in **paid** business development trainings

Fewer than half of respondents said they would use paid services regarding the exporting of their products.

16. Would you use paid services to help your business to export?

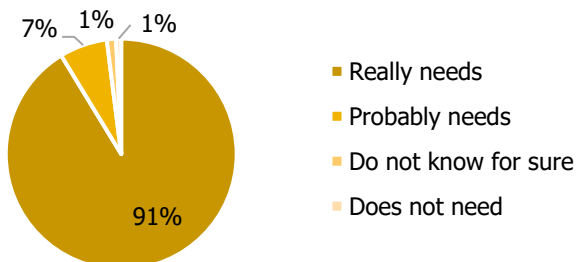


40%

would use **paid** services in export management

Finally, the vast majority of respondents agreed (94.9%), that the region needs an organization such as a Growth Hub that can help businesses to grow and prosper.

17. Do you think the region needs an organization that can help businesses to grow and prosper?



91%

Needs an organization such as a **Growth Hub**

Annexes

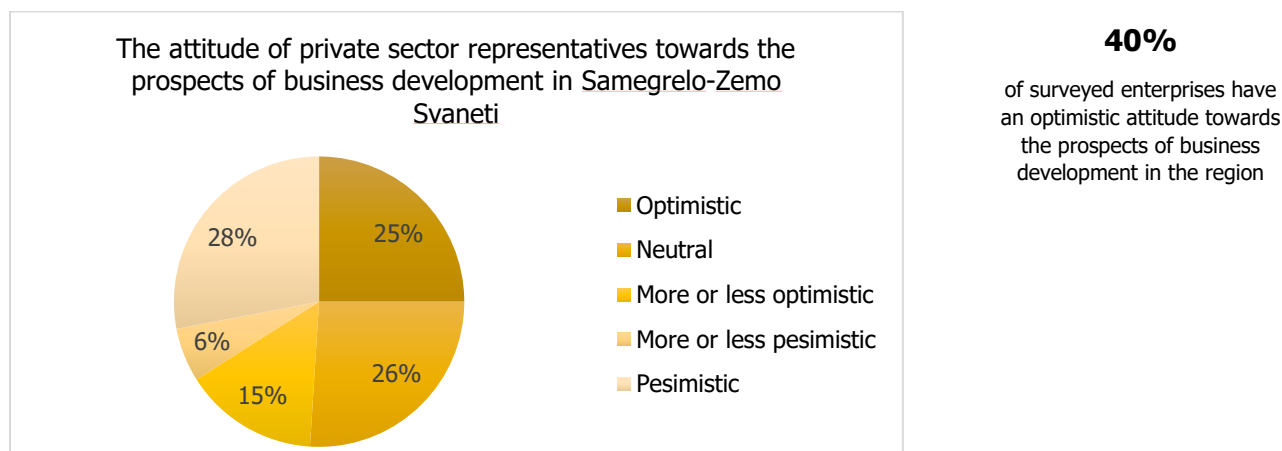
Annex 2 - Business environment research report for Samegrelo-Zemo Svaneti

This business environment research report for Samegrelo-Zemo Svaneti was developed based on research conducted by the AYESG in the course of the Participatory Local Economic Development project. The project has been implemented with the financial support of the United Nations Development Program (UNDP), the Danish Ministry of Foreign Affairs, the Swiss Agency for Development and Cooperation (SDC), and the Austrian Development Cooperation (ADC). The AYESG conducted research in six regions of Georgia and interviewed 1950 entrepreneurs in total. In addition, the “Zugdidi Socio-Economic Development Plan” was reviewed, which was also prepared by the AYESG on the basis of active cooperation with local authorities. The plan outlines the socio-economic status and development prospects of Zugdidi municipality (Posted: January 1, 2011).

The purpose of the study was to assess the level of private sector development in a target region of Georgia, specifically Samegrelo–Zemo Svaneti, and to identify the attitudes and expectations of those within the business sector at the local level. The research summarized entrepreneurs' perspectives on the key challenges and opportunities regarding the business environment and its development.

The average operational period to date of the surveyed enterprises was 6-7 years.

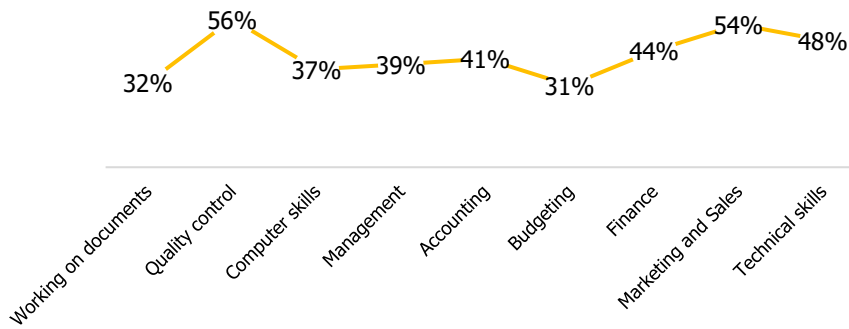
The research revealed the attitudes of private sector representatives towards the prospect of business development in Samegrelo–Zemo Svaneti. Overall, 40% of surveyed enterprises were optimistic about the prospects of business development in the region.



Source: Business Environment Research. Author: AYESG in the course of the Participatory Local Economic Development project.

According to respondents, when it comes to hiring staff, the main problem they face is the inadequate level of qualifications in the labor market. That means a Growth Hub would need to develop trainings and workshops to improve the qualification level of personnel to meet the needs of local enterprises. When asked what particular skills were in short supply, the following were most commonly mentioned: quality control; sales; and technical skills. Meanwhile, “work on documents,” “management,” and “accounting” were also cited as important.

Skills that need to be improved in local labor market



26%

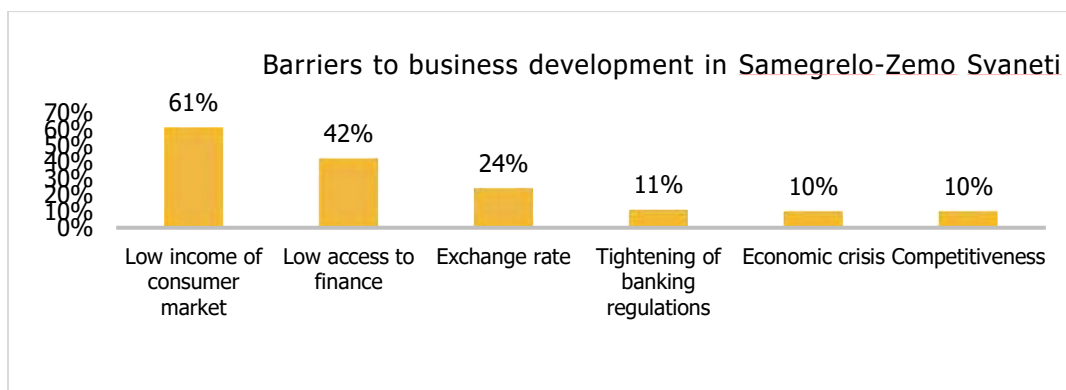
of associations can support business development

Source: Business Environment Research. Author: The AYEG as part of the Participatory Local Economic Development project.

None of the interviewed respondents were members of any business association, however 26% of them believe that such associations can support business development. For this purpose, a Growth Hub could be the best solution. As the research has shown, local enterprises are not inclined to join some associations, but this does not mean that they do not believe an association could be of assistance. If the Growth Hub's mission and goals are explained appropriately and its membership would not impose additional obligations on enterprises, the enterprises may be more interested in engaging in partnership with a Growth Hub.

Respondents also listed what they consider to be the main barriers to business development. Two areas of particular concern are: (1) low access to financial resources (caused by tightened regulation of banks in this area); and (2) low income level of local consumers. These two concerns highlight that the services of a Growth Hub, such as access to finance and support services to find new markets, could be interesting for local enterprises. A Growth Hub can also provide services to help enterprises to evaluate their financial position and to detect opportunities to improve this position (including through submitting a proper application for financing).

In Samegrelo–Zemo Svaneti, some respondents also revealed that lack of awareness about tourism was also a barrier to business development. Thus, a Growth Hub should arrange some group trainings for tourism sector enterprises to teach them techniques to attract more tourists. Moreover, individual growth plans could be conducted in this direction to ensure greater effectiveness.



Barriers to Business Development

- 1) low access to financial resources.
- 2) low income level of local consumers.

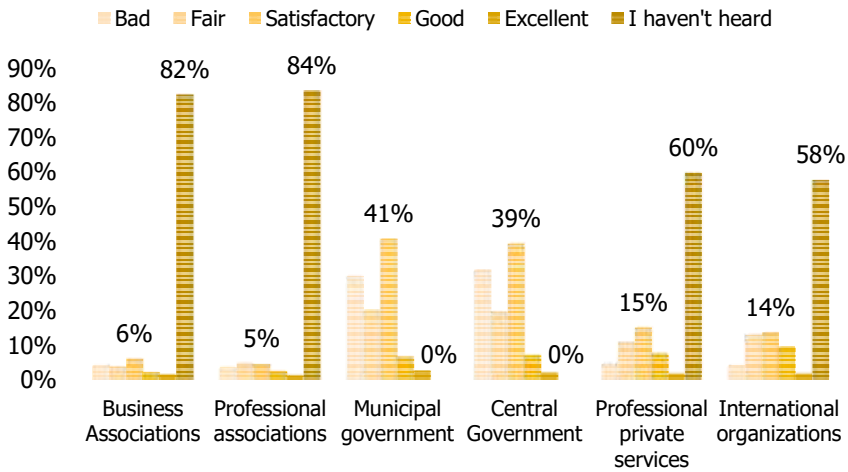
Source: Business Environment Research. Author: The AYEG as part of the Participatory Local Economic Development project.

Enterprises were asked about the support provided by listed organizations and structures to SMEs in their municipality (Zugdidi). Around 60% had not heard about international organizations or professional private sector representatives helping

40%

had heard about international

Evaluation of the support provided by listed organizations and structures to SMEs in their municipality



20%

had heard about Business Associations

40%

are satisfied with the Central Government support

57%

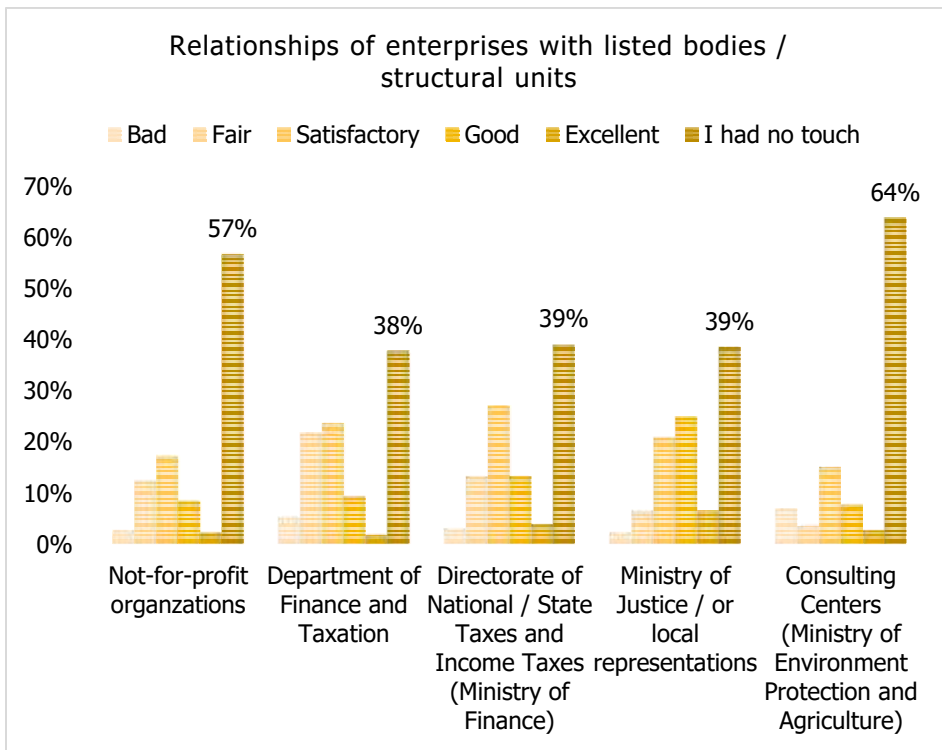
had had no contact with not-for-profit organizations

64%

had had no contact with consultancy centers

Source: Business Environment Research. Author: The AYEG as part of the Participatory Local Development project.

Respondents were also asked to evaluate their relationship with the listed bodies / structural units. The study revealed that most of the enterprises had had no contact with not-for-profit organizations (57%) or consultancy centers (64%). Given the range of services provided by such organizations / centers, they need to be more proactive and get closer to local businesses to increase their engagement and awareness with regard to their projects. The concept of Growth Hubs is built on a proactive approach and Growth Hubs may serve as good information disseminators and distributors for such not-for-profit organizations and consulting centers.

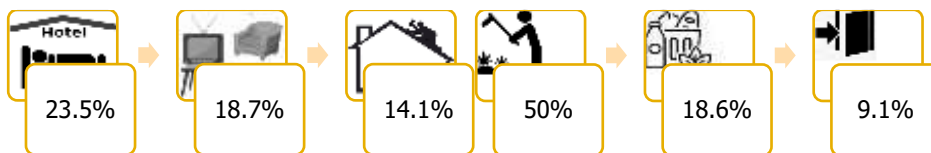


Source: Business Environment Research. Author: The AYEG as part of the Participatory Local Development project.

More than 50% of respondents believe that state and international support programs are almost unavailable. The banking and microfinance sector received a relatively better rating, though a positive rating does not exceed 23%. This result shows that enterprises are not fully aware about the Georgian governmental or international programs and financial support services offered for specific regions of Georgia. There are many organizations, especially in Samegrelo – Zemo Svaneti, operating to improve access to finance for businesses and have lots of programs for MSMEs support. This proves that information dissemination is low in regions and those implementers need additional support in this.

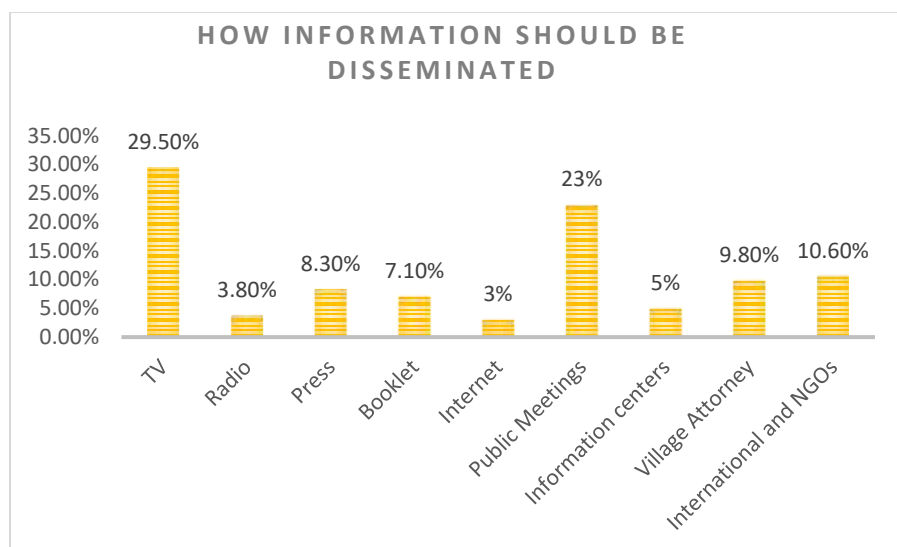
50%
state and international
support programs are almost
unavailable

Based on interviewed enterprises three fastest growing economic sectors/areas in Samegrelo - Zemo Svaneti are hospitality sector, trade sector of furniture and techniques, and construction. And three the least growing economic sectors / areas – agriculture, food retail and other services. These are perceptions of enterprises in Samegrelo - Zemo Svaneti. GH team will study target sectors based on deep market research but understanding the preferences of beneficiaries should be considered during communication with them.



The Zugdidi Socio-Economic Development Plan included a study of the problems and needs of the municipality. In the process, 599 respondents from Zugdidi municipality were interviewed. Based on the data obtained from the survey, it can be said that the problem of unemployment in the municipality is acute. Overall, 47.9% of respondents spontaneously mentioned this as an issue. Meanwhile, 27.3% of respondents considered the underdevelopment of local businesses to be a significant problem for the municipality. Respondents also listed the main strengths of the municipality, including: convenient geographical location (39.9%); good infrastructure (11.9%); and a good business environment (7.8%). Some respondents also cited conducive climatic conditions (7.2%), traditions (7.7%), and environment (6%). Interestingly, tourism potential was not mentioned among the municipality's strengths. It seems that the local population does not see any potential in increasing their incomes via tourism development. Almost half of respondents cited a lack of funds in Zugdidi municipality as the main impediment to development. Other reasons mentioned were the low level of business education (19%), the lack of credit institutions (14.4%), and onerous tax legislation (4.7%) (The Zugdidi Socio-Economic Development Plan by the AYES. Posted: January 1, 2011).

One of the questions concerned the means through which information should be disseminated about activities and issues important to the local community. In response, 29.5% mentioned television and 23% mentioned public meetings (The Zugdidi Socio-Economic Development Plan by the AYES. Posted: January 1, 2011).



To sum up, the secondary research based on the business environment study conducted by the AYES as part of the Participatory Local Development project and primary research carried out by SavvY (see "survey of potential beneficiaries" in 2nd deliverable) revealed that the concept of a Growth Hub is important with respect to the local development of the business environment and the services that Growth Hubs may offer would be vital and necessary for the local community in the target region.

Annexes

Annex 3 - Analysis of the socio-economic environment of the region

1. General description of the region

Samegrelo-Zemo Svaneti region is located in western Georgia. The region is bordered by the Black Sea to the west, the disputed territory of Abkhazia to the northwest, the Russian Federation to the north, the regions of Imereti and Racha-Lechkhumi & Kvemo Svaneti to the east, and the Guria region to the south. The area of Samegrelo-Zemo Svaneti region spans 7,500 square km, which is 10.8% of the country's territory. The population of the region is 316,200, which amounts to 8.5% of the population of Georgia (as of 1 January 2019). The region includes 497 settlements (8 cities, 2 boroughs, and 487 villages). In total, 39.5% of the population live in cities and 60.5% live in villages. Mountainous settlements (i.e. settlements above 1000 meters) include 136 villages of Mestia municipality and 1 village of Martvili municipality. Overall, 98.6% of the population is ethnically Georgian. Finally, 32.2% of the region's population live in Zugdidi municipality.

(<https://www.geostat.ge/ka/modules/categories/41/mosakhleoba>, "Development Strategy for Samegrelo-Zemo Svaneti Region for 2014-2021", by the Government of Georgia).

In the Samegrelo-Zemo Svaneti region in 2018, the working-age population was 179 300 of which 158 000 were employed. Among those employed, 99 400 were self-employed. The unemployment rate for the region was 11.9% in 2018 with the average monthly remuneration of employees being 758 GEL. It should be noted that, according to experts, the official data do not reflect the real level of employment in the region, with the majority of those in self-employment working in agriculture. Most self-employed persons do not fall into the category of full-time workers, and have limited average annual working hours and low incomes. Activity level is 65.4% and employment rate is 57.6%.

(<https://www.geostat.ge/ka/modules/categories/93/regionuli-statistika>,
<https://www.geostat.ge/ka/modules/categories/38/dasakmeba-da-umushevroba>,
<https://www.geostat.ge/ka/modules/categories/39/khelfasebi>)

2. Social development of the region

There is one public university and one private university in the region. Shota Meskhia Zugdidi State Teaching University has faculties of humanities, business and law, and health. Students are also taught about veterinary science, horticulture, and cultivation, and can train to become a pharmacist, criminal lawyer, or accountant. In addition, the university has programs in business administration, Georgian philology, English philology, pharmaceuticals, small business management, and the history of Georgian literature.

There are 27 museums in the region, the most noteworthy of which are the Dadiani Palace and the Historical-Architectural Museum in Zugdidi, Gamsakhurdia Museum in Abasha, Svaneti Museum in Mestia, as well as the Ethnographic Museum and M. Kergiani House Museum in Ushguli. The number of visitors to the region's museums in 2011 was 56,900.

There are 121 libraries in the region, of which 112 are based in rural areas. There are also several theaters in Samegrelo-Zemo Svaneti as well as 10 cultural centers, 11 music schools, as well as rural clubs and art schools ("Development Strategy for Samegrelo-Zemo Svaneti Region for 2014-2021," by the Government of Georgia).

The local media in Zugdidi municipality includes one local TV station (Odishi) which broadcasts across the region and six printed media outlets whose coverage extends beyond the municipality's borders. It should be noted that the publication of all of these newspapers is sporadic, with major delays and gaps common due to financial problems (The Zugdidi Socio-Economic Development Plan by the AYEG. Posted: January 1, 2011).

3. Economic development of the region

Samegrelo-Zemo Svaneti region is rich in water resources, with a long coastline on the Black Sea. The region produces most of the electricity consumed in the country and, therefore, plays a key role in energy security. Samegrelo-Zemo Svaneti region is also rich in thermal water resources, with high energy potential compared to other regions. The total supply of thermal water deposits in the region is 35,000 cubic meter per day. The most powerful, and most thoroughly researched and exploited source is the Zugdidi-Tsaishi field, where the operational reserves are estimated at 14300 cubic meters per day.

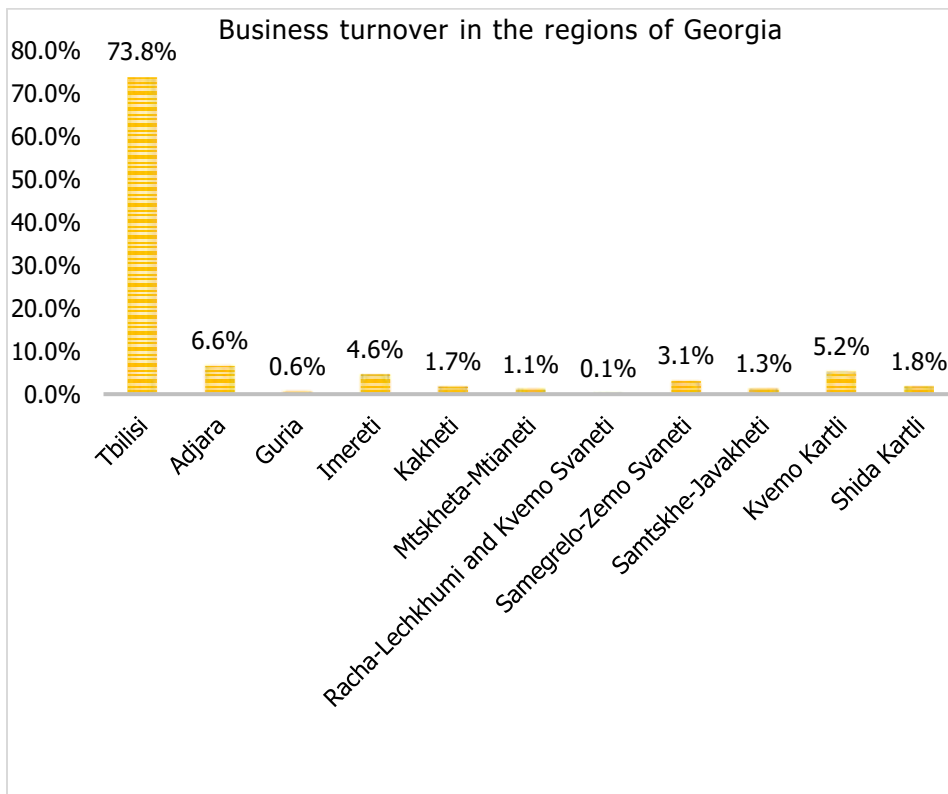
The region also has great potential for energy generation, taking into account the potential of renewable energy sources such as solar, wind, and geothermal water. In most of the region, wind energy potential varies between 100-250 w/m², and in Poti and the surrounding area and coastline it is as high as 800-1200 w/m². There are also nine potential areas of potential for wind-power stations in Georgia. The Poti area is considered one such area, capable of serving the energy needs of approximately 11,000 households (“Development Strategy for Samegrelo-Zemo Svaneti Region for 2014-2021,” by the Government of Georgia).

In terms of forests, Samegrelo-Zemo Svaneti is one of the richest in the country, with 41% of its territory forested. This allows the population to comfortably meet their wood needs (for heating etc.) (“Development Strategy for Samegrelo-Zemo Svaneti Region for 2014-2021,” by the Government of Georgia).

In 2002, while working on the concept of mineral resource development, the Georgian Academy of Sciences estimated the total economic potential of the Samegrelo-Zemo Svaneti region at US\$6.4 billion.

4. Business environment

There are 57 793 business registered in the Samegrelo-Zemo Svaneti region, of which 12 352 are active (that equates to 7.11% of the total active businesses in Georgia as of 2019). Turnover of registered businesses in Georgia in 2018 was distributed among regions as follows:



As shown above, Tbilisi has the highest turnover followed by Adjara, Imereti, Kvemo Kartli and Samegrelo-Zemo Svaneti (3.1%) (<https://www.geostat.ge/ka/modules/categories/326/sacarmota-statistikuri-gamokvleva>).

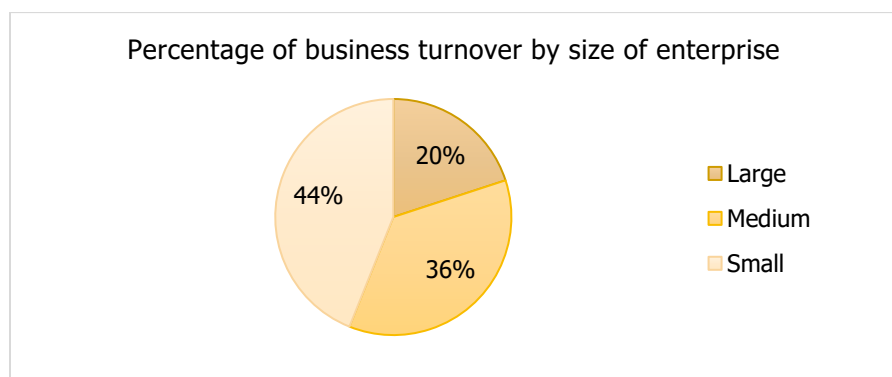
In Samegrelo-Zemo Svaneti region, turnover from businesses is distributed across municipalities as follows:

Municipality	%
Poti City	52%
Abasha Municipality	1%
Zugdidi Municipality	26%
Martvili Municipality	2%
Mestia Municipality	3%
Senaki Municipality	7%
Chkhorotskhu Municipality	1%
Tsalenjikha Municipality	2%
Khobi Municipality	6%

The number of employed people in 2018 in the region amounted to 30 025, which is 4% of the total number of employed people in Georgia (<https://www.geostat.ge/ka/modules/categories/326/sacarmota-statistikuri-gamokvleva>).

Samegrelo-Zemo Svaneti creates 3.4% of Georgia's total added value. Georgian citizens create 53.5% of the region's added value, foreign citizens create 46%, and the government creates 0.5% (<https://www.geostat.ge/ka/modules/categories/93/regionuli-statistika>).

In 2018, the total turnover of businesses in Samegrelo-Zemo Svaneti was distributed across businesses as follows (<https://www.geostat.ge/ka/modules/categories/93/regionuli-statistika>):



In the “Development Strategy for Samegrelo-Zemo Svaneti Region for 2014-2021” by the Government of Georgia, it is written that factors hindering the proper development of businesses include the proximity of the region to the conflict zone, weak basic and commercial infrastructure, the low level of income of the population, minimal investment, the low level of local social capital development, labor market conditions, high cost of and restricted access to bank loans, limited opportunities regarding alternative capital, the lack of systematic information about local business potential and the consumer market. In addition, there are few business support organizations in the region such as business centers, business incubators, training centers, investment and technology transfer centers, or leasing companies.

Important projects of renowned international non-governmental organizations in the region will only fragmentally provide support to the business sector (“Development Strategy for Samegrelo-Zemo Svaneti Region for 2014-2021,” by the Government of Georgia, p. 15). Nevertheless, some improvements have been seen in recent years such as the establishment of a tech park in Zugdidi. To support tourism, a study into the potential of canyoning in Samegrelo was carried out and three recommended routes have been developed in Khobistskali Gorge, and booklets have been prepared for tourists (<http://szs.gov.ge/geo/news/show/10/296>). For business development and the attraction of investors, different business

forums are conducted in Samegrelo-Zemo Svaneti region. Meanwhile, the Zugdidi Regional Chamber of Commerce and Industry serves the business community in the region.

The “Zugdidi Socio-Economic Development Plan” was prepared by the AYEG on the basis of active cooperation with local authorities. The plan outlines the socio-economic status and development prospects of Zugdidi municipality (Posted: January 1, 2011) in which the following causes of the agriculture sector’s difficulties in the region were identified:

- High interest rates on loans and low rates of agricultural lending;
- Low level of public awareness about new technologies;
- Limited access to necessary machinery;
- Scarcity of agricultural processing factories;
- Lack of agricultural storage (mainly refrigerated) businesses; and
- Lack of a crop insurance mechanism.

The document also contains information regarding the promotion of tourism development including the development of tourism information centers and organizing exhibitions, screenings, and other PR events to attract tourists. Based on this development plan, the main areas of tourism potential were outlined as follows:

- Maritime tourism (Anaklia, Ganmukhuri)
- Medical tourism (Tsaishi Sulfur Baths)
- Culture-leisure tourism
- Agritourism

If a Growth Hub could direct its efforts toward those businesses hindered by the earlier mentioned issues or are working in a sphere deemed competitive for the region, the impact of services and programs provided by that Growth Hub would have a significant effect on local economic growth the short-term.

The “Zugdidi Socio-Economic Development Plan” prepared by the AYEG contains the following key findings:

- A combination of rich resources (hydro , natural and diverse flora and fauna), the existence of large transport service organizations, climatic conditions, and rich cultural and historical heritage give the region potential for development in different sectors.
- The region has a competitive advantage courtesy of its rich cultural heritage.
- There is an abundance of medical institutions in the region, meaning there is potential for the development of the local medical industry and services.
- The cheap labor force, the diversity of industrial sectors, the cheapness and diversity of land resources, and the varieties of agricultural crops all form the basis for local economic development if the following issues are addressed: low level of modern farming education; scarcity of agricultural infrastructure and ineffective management; low level of productivity; the unavailability of new technologies; the unfavorable insurance system for agriculture.
- Diverse landscapes and ecosystems, rich cultural heritage, and the abundance of traditional crafts create potential for tourism development if a complex study of the municipality's recreational potential and recommendations are concluded, raising the qualification level of tourism businesses and introducing the use of modern information technologies to disseminate information and attract visitors (“The Zugdidi Socio-Economic Development Plan,” by the AYEG. Posted: January 1, 2011).

The list above should steer the strategic directions of the Growth Hub in the region. Through different programs and services, a Growth Hub should take care of individual business development and contribute to the economic development of the region by continually exploring the region's potential, identifying target industries, and supporting central government strategy.

Annexes

Annex 4 – Draft outline of a Growth Hub

1. General Provisions

- 1.1 A Growth Hub is an agency that serves as a bridge connecting rural businesses with government, private or not-for-profit organizations, academia, and others. It would be a local entity, promoted locally and nationally to raise awareness of business support and show businesses where to access help;
- 1.2 Growth hubs operate in the regions of Georgia;
- 1.3 The agency shall be guided in its activities by the draft outline and by the legislation of Georgia;
- 1.4 The agency is eligible to use its own name when making deals and is entitled to make decisions to support the strategic mission and objectives of Growth Hubs; and
- 1.5 The agency conducts independent financial accounting.

2. Functions and goals of Growth Hubs

- 2.1 The mission of a Growth Hub is to support rural/local MSMEs' development, thereby facilitating local economic growth and prosperity across the country; and
- 2.2 The goal of a Growth Hub is to implement the policies and programs providing support services to MSMEs, to act as a facilitator with government, and to serve as a distributor of business-relevant information in rural areas. Growth Hubs encourage innovation, investment, and collaboration to create a conducive environment for business growth;
- 2.3 The functions of a Growth Hub are:
 - 2.3.1 Making best use of national assets (LEPLs, funding projects, and other government initiatives) that support the development of rural businesses;
 - 2.3.2 Providing access to businesses via a broad range of channels, typically including a website, social media pages/accounts, peer-to-peer networks, business events, and procurement and collaboration opportunities;
 - 2.3.3 Providing access to face-to-face advisers employed by the Growth Hub or its partners who offer a triage and diagnostic service and undertake an assessment of business needs;
 - 2.3.4 Prioritizing intensive face-to-face advisory support/business navigators on scaling up businesses with the greatest ambition and potential to grow and those operating in key priority sectors of the local economy;
 - 2.3.5 Improving the coordination of local business support actors – joining together Growth Hub resources with respect to exports, innovation, and access to finance to connect SMEs with the best support and advice possible;
 - 2.3.6 Providing a triage, diagnostic, and brokerage service for MSMEs;
 - 2.3.7 Directing businesses to the most appropriate local and national sources of support and advice; and
 - 2.3.8 Enabling local networks and partnerships between SMEs, business intermediaries, national programs, communities, education and research institutions, business accelerator institutions, and the private sector.

3. Agency Leadership

- 3.1 The agency is led by the Chief Executive Officer (CEO).
- 3.2 The CEO shall act independently within his/her authority and shall be personally responsible for the proper conduct of the agency's activities, for the protection of property owned, and for spending of funds.
- 3.3 The functions of the CEO include:

- 3.3.1 Managing the agency and representing its interests in public;
 - 3.3.2 Ensuring the performance of tasks assigned to the agency;
 - 3.3.3 Disposing of the agency's funds in the manner prescribed by law or strategy;
 - 3.3.4 Managing staff and providing official supervision of their activities;
 - 3.3.5 Acting on behalf of the agency and representing it both in Georgia and abroad;
 - 3.3.6 Within his/her competency, concluding agreements on behalf of the agency;
 - 3.3.7 Developing the agency's action plan and priorities;
 - 3.3.8 Appointing and dismissing agency staff and distributing duties among agency staff, and giving them appropriate instructions and assignments;
 - 3.3.9 Determining the staffing and salaries of the agency in agreement with the supervisory body;
 - 3.3.10 Answering to the supervisory body;
 - 3.3.11 Submitting a financial report to the supervisory body once a year;
 - 3.3.12 Approving the agency's internal regulations;
 - 3.3.13 Providing semiannual and annual reports to the monitoring authority and advisory board;
 - 3.3.14 Sharing information with the monitoring body, advisory board, and supervisory body;
 - 3.3.15 Providing information to the monitoring body on a monthly basis; and
 - 3.3.16 Developing and implementing the Growth Hub's strategy.
- 3.4 The agency's structure is as follows:
- 3.4.1 The structure of the agency includes an accountant, a PR manager, and a project manager under the supervision of the CEO;
 - 3.4.1.1 The accountant is responsible for budget spending;
 - 3.4.1.2 The PR manager is responsible for enacting the internal and external communication plan of the Growth Hub;
 - 3.4.1.3 The project manager is responsible for the day-to-day activities of the Growth Hub and implementing its strategy;
 - 3.4.2 Growth champions and associates are under the supervision of the project manager;
 - 3.4.2.1 Growth champions are full-time employees dealing with primary screenings of businesses to identify their problems and needs, the preparation of databases, and conducting industry analysis;
 - 3.4.2.2 Associates are part-time experts/specialists, invited based on the needs of businesses and are responsible for advanced services provided by Growth Hubs, such as trainings and individual consultations. Associates are paid based on the services they deliver to businesses, while growth champions are full-time employees with a monthly salary; and
 - 3.4.3 The project manager may have project assistants depending on the complexity and size of the region.

4. Benefits of a Growth Hub

Regardless of the delivery model, all Growth Hubs should raise awareness of local and national sources of export, innovation, access to finance, skills, and generic business support (public and private). Businesses (particularly MSMEs) are able to access such support via a free and impartial single local point of contact offering a triage, diagnostic, and brokerage service. They should also ensure that all businesses, regardless of their size or sector, know what support is available and how to access it. Growth Hubs also play a key role within their region in simplifying and joining together local and national business support which ensures that businesses are able to:

- find the support they need, when they need it;
- access a free, impartial, and trusted local point of contact;
- benefit from access to intensive local support and advice in areas where they have the opportunity, ambition, and potential to grow and scale-up;
- learn about business opportunities and make contacts through existing local peer-to-peer networks and forums; and
- receive consistent and up-to-date national and local information, wherever and however they choose to access it.

The Growth Hubs would be significantly dependent on a number of government bodies and agencies.

5. Growth Hub principles

5.1 Coordination and communication

- Create a network and serve as a bridge for MSMEs to access specialists providing consultancies or trainings on various aspects including exports and access to finance.
- Represent local stakeholders, partners, and businesses sitting on the relevant Growth Hub's governance and operational steering boards.
- Conduct the Growth Hub's strategy in coordination with national or local strategic economic plans and/or any forthcoming local industrial strategy (aligned with the national industrial strategy).
- Communicate and negotiate at the national level with government, advisers, businesses, academia, etc.
- Create a network for MSMEs, building a value chain in the process.
- Develop deep relationships with public and private sector providers.

5.2 Studies, monitoring, reporting, and evaluation

- Comply with reporting requirements including indicators related to levels of business awareness, engagement, transformation, value for money, outputs, and impact.
- Ensure accurate capture and reporting of primary unique business identifiers for all businesses receiving medium- and high-intensity diagnostics, support, and advice.
- Proactively use freely available national datasets to supplement local intelligence and shape the delivery of core Growth Hub services, and any pilot approaches are robustly evaluated, with lessons learned and best practices shared across all Growth Hubs.
- Promptly submit formal reports including short-, medium- and long-term impact on business growth, innovative approaches, value for money, lessons learned, and best-practice case studies.

5.3 Strategic partnership and business support simplification

- Build and strengthen relationships with key local players across public and private sectors and national providers to exploit opportunities for collaboration and to further bring together and simplify the local business support ecosystem.

5.4 Support MSMEs' growth and prosperity

- Enable all businesses in the local area to access proper support, at the right time, in the right way.
- Proactively promote Growth Hub services and programs.
- Make best use of available national and local datasets to identify and target businesses with the opportunity, ambition, and potential to grow.
- Further develop services and programs in pursuit of Growth Hub goals and mission.

Annexes

Annex 5 – Draft outline of the partner council/advisory board

1. General Terms

- The advisory board will set the overall strategic direction for the operational delivery of each Growth Hub.
- The advisory board will drive strategic engagement and work opportunities in partnership with relevant groups (e.g., government, media, academia, non-government, and private sector) to initiate dialogue about issues faced by local MSMEs.
- Meetings will seek to add value to Growth Hubs by ensuring that they share best practice, flag issues faced by local MSMEs, and identify opportunities for them.
- The advisory board should be approved by the Ministry of Economy and Sustainable Development of Georgia.

2. Responsibilities

- Discuss the strategic direction, as well as the main services and functions of the given Growth Hub based on reports conducted by its CEO.
- Discuss the links and intersection points of the given Growth Hub with the government's economic plan to increase the competitiveness and effectiveness of the regions of Georgia, using different components of the state strategy.
- Agree the annual delivery plan to be delivered by the Growth Hub team.
- Monitor and adjust the general direction of the Growth Hub, taking into account the changing economic development environment and the need to respond to emerging government policy.
- Regularly review the performance and delivery of the agreed budget of the Growth Hub.
- Lead the Growth Hub strategy.
- Support the CEO in ensuring regular communication with a wider audience of stakeholders.
- Direct the work of the Growth Hub and agree its annual targets.
- Members should strive to act in the best interests of the Growth Hub.

3. Membership

- Up to 15 representatives of which at least 50% should be representatives of government or LEPLs, one should be the CEO of a Growth Hub, two should be from Georgian municipalities, and others may be from the private or not-for-profit sector.
- Election of municipality representatives occur annually. Moreover, representatives of one municipality may not be elected twice in a row. Accordingly, two municipalities of Georgia will join the board annually on a rotational basis.
- Board meetings are not public as confidential information (i.e. about the budget) may be discussed.
- Meetings will be chaired by one of the members, decided by the advisory board at the beginning of every year.
- The CEO of the Growth Hub will attend the board meetings as an observer, adviser, and implementer of any agreed actions.

4. Nomination & Role Expectations

- New members are to be confirmed annually at such meetings by a simple majority of votes.

- An important criterion is the willingness to give additional time and effort to make this service work.
- Members take the lead and provide strategic direction in areas in which they have particular skills and experience.
- Members will contribute to the monitoring of the overall strategy and priorities of the Growth Hub and to work with the CEO to keep services flexible and innovative while looking for areas to generate income from their activity.
- Members will attend board meetings held annually.

5. Time Commitment

- The time commitment required is estimated at one week semiannually, to analyze the reports submitted by the CEO of the Growth Hub.
- Board meetings are expected to last 2-4 hours.
- The advisory board should present their expert opinion and results of analysis (annual and/or semiannual analysis from the CEO of the Growth Hub) in advisory board meetings.
- There may also be a need for further interaction in the time between board meetings to provide advice and guidance to the team as issues arise. This will primarily be via email and telephone as much as possible to reduce time pressures.

6. Decisions

- The Board is a decision-making forum aimed at reaching decisions by consensus.
- If a consensus cannot be reached, actions may be approved by a majority of those present.
- A quorum is 51% of members.

7. Meeting Frequency & Ways of Working

- The Board will meet at least once a year.
- Making use of technology (emails, telephone, and teleconferencing) the Board will meet virtually and efficiently wherever possible, reducing the need to travel.
- Meeting papers will be available seven calendar days before the meeting date.
- The board may meet more than once a year if the need to do so is presented in written form by the CEO or other board members.
- Information about the date and time of the meeting should be available for members one month in advance. Notification should be sent by e-mail. After approving the date, reminders should be issued by telephone message or call seven days before the meeting
- The meetings are organized by the CEO of the Growth Hub.

8. Media Coverage

- Where there is interest from the press (and trade journals), it will be dealt with the communication unit on a case-by-case basis.
- All media issues are the responsibility of the Growth Hub and should go through its internal or external communication plan.
- Members are allowed to reveal information about the membership of the advisory board.
- Members can only discuss with the media details of the meeting that have been agreed upon during the meeting.