

EU4BUSINESS|EBRD Credit Line

Finance and Advisory Programme supporting SMEs

**Building modern and
profitable SMEs in
Georgia through loans
with grant support**



European Bank
for Reconstruction and Development



EU4Business



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WHAT IS THE EU4BUSINESS-EBRD CREDIT LINE?

The EU4Business-EBRD Credit line is a joint initiative of EU and EBRD to help Georgian SMEs finance investments, which enable them to seize the opportunities presented by the Deep and Comprehensive Free Trade Agreement (DCFTA). EU4Business is the part of EU's large scale initiative, which supports SMEs in countries like Georgia in taking full advantage of the open market access opportunities offered by DCFTA. As legislation is harmonized in Georgia, Georgian businesses will increasingly be able to use their relatively low cost base to compete successfully with other companies in the large EU and regional markets. However, most companies will first have to update their processes and invest in efficient modern equipment to align with EU standards. The aim of the EU4Business-EBRD Credit Line is to help companies achieve international production standards, improve their competitiveness and increase their profitability through financial and technical support.

Invest in
modernizing
your business
and align with
EU standards.

The EU4Business-EBRD Credit Line and grant support scheme offers:

- EBRD loans, available from our local Partner Banks in Georgia
- EU-grant incentives available for successfully implemented projects
- Free-of-charge technical assistance provided by an international group of technical experts, who help SMEs to find the best solution for their desired investment targets.

The EU4Business-EBRD Credit Line and grant support scheme is a flexible program that can essentially support almost any modernization project, through three different approaches:

Benefit from
improved
product
quality and
competitiveness
through
increased
business
opportunities in
Georgia and in
the EU markets.

The LET Approach: This is suitable for companies who are purchasing equipment, which is already on our list of pre-approved equipment and technologies. These technologies can be financed directly by our Partner Banks under the EU4Business-EBRD Credit Line with loans up to the equivalent of EUR 300,000. A 10% grant is available upon successful verification of the project's implementation.

The Simple Project Approach: This is a fast track procedure available for smaller loans of up to EUR 300,000 for investments in improving product quality and safety of agriculture and food processing sectors. The project consultant simply checks the investment plan to ensure it complies with the very straightforward eligibility requirements. A 15% grant is available upon verification of the project's successful implementation.

The Complex Project Approach: This is for loans of up to EUR 3 million, available for (almost) any modernization project in any industrial and service sector. Investments requiring a more complete technical evaluation can benefit from free technical assistance to optimize the investment plan. A 15% grant is available upon successful verification of the project implementation.

WHO CAN APPLY FOR EU4BUSINESS-EBRD LOANS AND GRANTS?

Companies who wish to finance their investment in modernizing their facilities and/or services with an EU4Business-EBRD Credit Line loan and benefit from grant support should meet the following general criteria:

In principle, any SME, individual entrepreneur or sole proprietor can apply for an EU4Business-EBRD loan and grant.

- The term SME includes individual entrepreneurs and sole proprietors!
- The business should have less than 250 employees and an annual turnover below EUR 50 million equivalent, and/or an annual balance sheet not exceeding EUR 43 million equivalent.
- The company should be formed under the laws of Georgia. Individual entrepreneurs and sole proprietors should be registered as an entrepreneur or engaged in economic activities, in accordance with the laws of Georgia.
- The business is operating primarily in Georgia or has a fixed place of business in Georgia through which its business is wholly or partly carried out.
- If the government of Georgia, or a local government body, or any other political, governmental or administrative body, agency or sub-division thereof has a stake in the business, this should only be up to a maximum of 49% and the public entity should not be directly or indirectly involved in the day-to-day management of the company, or have control over directing the company's affairs.
- The business should be INDEPENDENT. "Independence" is defined as follows:
 - No more than 25% of the company's share capital is owned or controlled by another company/organization, which does not satisfy the SME eligibility criteria described above.
 - The company/business is NOT part of a group of companies/businesses, which are under common control, where all companies in the group are engaged in a similar business sector, and the aggregate results of the group of companies don't comply with the SME eligibility criteria described above.
- The company/business holds all necessary approvals and permits and is otherwise in compliance with national environmental, social and health of Georgia.
- The company/business is not included on EBRD's list of persons or organizations ineligible to be awarded an EBRD-financed contract or for EBRD funding.
- If you are not sure if your company or business meets these general eligibility criteria, please contact our project office for advice.

We cannot finance companies and businesses engaged in the following activities:

- production and/or trade of arms or military equipment
- financial institutions or financial services companies
- insurance business
- production of tobacco or hard liquor
- sale of tobacco or hard liquor (other than where the sale of tobacco or hard liquor is ancillary to the entity's primary business activity)
- casinos or other gambling facilities
- speculative investments in property or currencies or any other speculative investment
- investments in securities of any kind, including investments in share capital of other companies
- any activities appearing on the EBRD Environmental and Social Exclusion List

HOW DOES THIS WORK?

Three credit types were designed to suit the varied requirements of different companies, the industry sector they work in and their individual development stage:



LIST OF ELIGIBLE TECHNOLOGIES

[LET]

Credits for investments in pre-approved technology. This is for investments up to €300,000. Investments in pre-approved technologies can receive a grant incentive of up to 10%



SIMPLE PROJECTS

Credits for investments in reaching compliance with EU SPS or Food Safety technical regulations and standards as set forth in the DCFTA/AA. These investments should not exceed €300,000 and can receive a grant incentive of up to 15%



COMPLEX PROJECTS

Credits for more substantial investments in improving a company's competitiveness, ranging from new machinery to laboratory processes. Loans are possible up to €3 million with incentive grants of up to 15%.

Investing in improving your business with the help of the EU4Business-EBRD Credit Line is easy, and there is an international team of technical experts available to support you every step of the way. This technical support is entirely free of charge to you.

HOW DOES THE **LET APPROACH** WORK?

LET stands for List of Eligible Technologies

This very simple approach is for companies wishing to purchase specific equipment for an investment value up to EUR 300,000 and grant incentives up to 10%.

All equipment in the LET is automatically eligible for financing through an EU4Business-EBRD Credit Line loan and the list is available on the Programme's website (www.EU4Business-EBRDCreditline.com).

1. Complete the application form, available on our website, and take it together with a binding offer or a pro-forma invoice for each of your chosen technology, which is listed on the LET to one of our Partner Banks.
2. The Partner Bank will check the application form and the supporting documents to verify eligibility and establishes your creditworthiness.
3. If all is in order, the Partner Bank provides the loan to you.
4. As soon as the equipment is installed, submit the following documents to the Partner Bank:
 - Equipment invoice
 - Proof of payment
 - Acceptance certificate (if applicable)
 - The completed 'Request for Incentive' form (you can download this from our website (www.EU4Business-EBRDCreditline.com))
5. The programme's Verification Consultant will review the documentation and authorize the payment of the grant incentive.
6. The Partner Bank will transfer the grant incentive to your bank account.

LET APPROACH INVESTMENT EXAMPLES

A list of EU Directives that have critical DCFTA/AA importance for companies in Georgia and that may be the subject of investment projects, is available on our website. Mirroring the critical EU Directives, we have prepared a 'List of Eligible Technologies' (LET), which also includes additional standard solutions, all of which are pre-approved. For this type of loan you can select technologies from the LET. The LET is constantly expanded to include new technologies that enable companies to reach compliance with DCFTA/AA priorities. Please check our website for latest updates. If you would wish to invest in relevant equipment, which is not on our list, please contact us with the details and we will evaluate the equipment eligibility for you.

The LET is updated regularly and will expand in the future to include further technologies. Please check our website for updates.

Examples of LET Technologies currently listed:

- MEDICAL EQUIPMENT
- FOOD PROCESSING MACHINERY AND EQUIPMENT
- LABORATORY EQUIPMENT
- PRINTING MACHINES
- FURNITURE PRODUCTION EQUIPMENT
- LASER CUTTING MACHINES
- ENERGY EFFICIENCY AND RENEWABLE ENERGY TECHNOLOGIES
- NON-ROAD MOBILE MACHINERY



HOW DOES THE SIMPLE PROJECT APPROACH WORK?

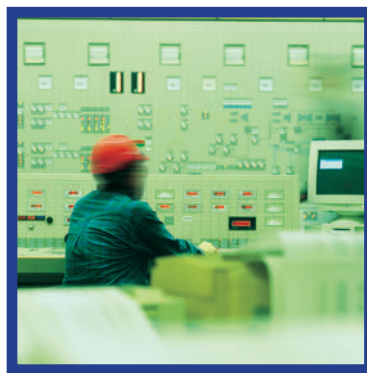
This is a simplified approach exclusively for investments aimed at achieving full compliance with EU SPS or Food Safety technical regulations and standards as set forth in the DCFTA/AA, with an investment value of up to EUR 300,000 and grant incentives up to 15%.

1. Submit your compliance plan to one of our Partner Banks together with the completed application form, which is available from our website (www.EU4Business-EBRDCreditline.com).
2. The Partner Bank will forward all relevant documents to our team of technical experts for evaluation. The technical experts may give you free advice on how to modify your plan (if necessary) and, if approved, will inform the Partner Bank of the positive Eligibility check together with a preliminary indication of the maximum eligible investment amount and grant.
3. The Partner Bank will evaluate your financial eligibility.
4. If the technical and financial checks are positive, you will be requested to sign a 'Letter of Engagement' (you can find a sample of this letter on our website (www.EU4Business-EBRDCreditline.com)).
5. You will submit a Simplified Investment Plan (SIP), following as much as possible a standard format that will be provided to you. Supporting documents such as offers, contracts, general design, pro-forma invoices, should also be annexed to the SIP.
6. Our technical team will check this plan and help you with any necessary modifications. After that our technical team will inform the Partner Bank of the project eligibility and approved loan and grant amount.
7. As soon as you have fully implemented your project, submit the following documents to the Partner Bank:
 - Completed CVR Checklist (this was part of your Simplified Investment Plan (SIP))
 - Invoices
 - Proof of payment
 - Acceptance certificates (if applicable)
 - The completed 'Request for Incentive' form (you can download this from our website (www.EU4Business-EBRDCreditline.com))
8. The programme's Verification Consultant will check the project completion according to the parameters specified in the SIP evaluating the completion and commissioning of your investment project and confirm its compliance with the details outlined in the Simplified Investment Plan to your Bank.
9. The Partner Bank will transfer the grant incentive to your bank account.

SIMPLE PROJECT INVESTMENT EXAMPLES

A list of EU Directives that have critical DCFTA/AA importance for companies operating in Agriculture and Food Sectors in Georgia and that may be interested in an improvement project is available on our website and is updated regularly. However, typical examples of simple investment projects shown below:

- *Refurbishment of production and storage buildings*
- *Post harvesting storage facilities*
- *Cold storage of perishable goods*
- *Process, packaging and labelling equipment*
- *Automated process control systems*
- *Laboratories*
- *Product and/or HACCP system certification costs*



HOW DOES THE COMPLEX PROJECT APPROACH WORK?

Complex projects are investments aimed at modernizing Georgian SMEs, with particular focus on their competitiveness. The investments are typically aimed at complying with at least one or more EU Directives in the field of Health and Safety, Environmental Protection and Product Quality and Safety. The maximum possible loan amount for projects under this approach is EUR 3 million and grant incentives may be up to 15%.

1. Submit your completed application form, which is available from our website (www.EU4Business-EBRDCreditline.com) to one of our Partner Banks.
2. The Partner Bank will forward all relevant documents to our team of technical experts for evaluation. The technical experts will carry out an initial project eligibility check, whilst the Partner Bank will check your creditworthiness status.
3. If the technical and financial checks are positive, you will be requested to sign a 'Letter of Engagement' (you can find a sample of this letter on our website (www.EU4Business-EBRDCreditline.com))
4. Our technical team will start preparing the Investment Plan (IP) together with you and will determine the concrete needs for investment in order to achieve compliance with EU Directives. Our technical team will develop the IP and Activity Based Schedule (ABS) for your project, confirming the eligibility of your project, determining the grant incentive amount and parameters/conditions for achieving compliance at the end of the project. The IP Report will be sent to your chosen Partner Bank, who will negotiate the loan offer with you.
5. As soon as you have fully implemented your project, submit the following documents to the Partner Bank:
 - Completed CVR Checklist (this was part of your Investment Plan)
 - Invoices
 - Proof of payment
 - Acceptance certificates (if applicable)
 - The completed 'Request for Incentive' form (you can download this from our website (www.EU4Business-EBRDCreditline.com))
6. The programme's Verification Consultant will check the project completion according to the parameters specified in the IP, evaluating the completion and commissioning of your investment project and confirm its compliance with the initial plans in the Investment Plan to your Bank.
7. The Partner Bank will transfer the grant incentive to your bank account.

COMPLEX PROJECT INVESTMENT EXAMPLES

A list of EU Directives that have critical DCFTA/AA importance for companies in Georgia and may be the subject of investment projects is available on our website and is updated regularly. Examples for projects that would typically be financed under the Complex Projects Approach include:

- *New machines, production equipment, production lines*
- *New boilers, cooling systems, heat pumps*
- *Refurbishment and construction of production buildings*
- *Integrated refurbishment and construction of production lines and buildings*
- *Refurbishment and construction of storage facilities, cold rooms, warehouses including internal means of transport*
- *Machines for packaging*
- *Trucks and trailers*
- *Earth moving equipment*
- *Grain storage systems, mills, animal feed plants*
- *Animal breeding facilities (cows, poultry, hens, etc.)*
- *Aspiration and dust-abatement systems*
- *Waste water treatment plants*
- *Air emission abatement plants*



OUR PARTNER BANKS

To simplify the financing process all EU4Business-EBRD Credit Line loans are disbursed through local Partner Banks. The local Partner Banks have the continued support from the programme's Project Consultants.

Credit terms and conditions are set by the local Partner Banks and the ultimate decision whether or not to extend a loan to an applicant company is made by the Partner Bank only. EBRD, EU and the Project Consultants have no influence on this decision.

The Project Consultant is responsible for the technical assessment of investment projects and, together with the Verification Consultant, for setting and checking grant amounts. The Partner Banks will pay Grant incentives to successfully completed project owners. However, the Partner Banks have no influence on the level of grants to be paid out.

Please check our website for updates on the current Partner Banks of the EU4Business EBRD Credit Line. (www.EU4Business-EBRDCreditline.com).



SUCCESS STORIES



Wine Company invests in a new production line and auxiliary equipment, which improves the production quality, health and safety and a safe work environment in the company.

Investments in:

- New production & bottling line
- New Fermenter Cisterns
- Filter FRM 5 with Horizontal Plates
- Mohno Pump and Chiller

Investment volume:

- Total investment size: €494,936.42
- Loan amount: €490,000
- Grant amount (15%): €73,500

EU Directives met:

- Directive 2014/35/EU of the European Parliament and of The Council of 26 February 2014 on the harmonization of the laws of the Member States relating to the making available on the market of electrical equipment designed for use within certain voltage limits
- Directive 2006/42/EC of the European Parliament and of The Council of 17 May 2006 on machinery, and amending Directive 95/16/EC (recast)
- Directive 2014/30/EU of the European Parliament and of The Council of 26 February 2014 on the harmonization of the laws of the Member States relating to electromagnetic compatibility (recast)
- Directive 2006/12/EC on waste and directive 91/689/EEC on hazardous waste
- Regulation (EC) No 1005/2009 of the European Parliament and of the Council of 16 September 2009 on Substances that Deplete the Ozone Layer (Text with EEA Relevance)
- Regulation (EC) No 1935/2004 on materials and articles intended to come into contact with food and repealing Directives 80/590/EEC
- 89/109/EEC EU Regulation 2023/2006 on good manufacturing practice for materials and articles intended to come into contact with food
- EN 1672-2 (2009) food processing machinery - Basic concepts - part 2: hygiene requirements

SUCCESS STORIES

Food Processing Company invests in new machinery and introduces high quality sorting & packaging processes, ensures food safety and increased hygiene in production process.

Investments in:

- Procurement and installation of egg grading and packaging machine

Investment volume:

- Loan amount: €253,713
- Grant amount (15%): €38,056

EU Directives met:

- EU Regulation 2023/2006 on good manufacturing practice for materials and articles intended to come into contact with food
- Basic Specifications for Raw materials, edition 5, which includes (Batch traceability EU regulation No178/2002, Microbiology, heavy metals, Mycotoxins, residues packaging etc)
- Regulation (EC) No 178/2002 laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety



SUCCESS STORIES



Dried Fruits and Medical Herbs producer based in Western Georgia improves product quality and increase exports by investments in new drier, washing and cutting equipment and a leaves pressing machines.

Investments in:

- Construction of a processing and production building
- Procurement and installation of raw material processing equipment and belt drier
- Training center for collection team and warehouse for raw materials

Investment volume:

- Total investment size: €142,270.97
- Loan amount: €129,090.91
- Grant amount (15%): €19,363.64

EU Directives met:

- Council Regulation (EC) No 834/2007 on organic production and labeling of organic products and repealing Regulation (EEC) No 2092/91
- Regulation (EC) No 178/2002 laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety
- Regulation 2023/2006 on good manufacturing practice for materials and articles intended to come into contact with food

SUCCESS STORIES

Asphalt mixing company invests in a new asphalt plant with upgraded electric system, wastewater treatment plant, improved HSE standards and fire safety equipment. With these investments, the company now has a modern production plant, reduced personnel safety risk, reduced pollutant emissions and increased product quality, making GCG LTD one of the cleanest asphalt production plants in Europe.

Investments in:

- Asphalt plant
- Wastewater treatment plant
- Technical, sanitary and drinking water supply
- Improvement of HSE standards

Investment volume:

- Total investment size: €1,331,000.00
- Loan amount: €820,000
- Grant amount (15-20%): €123,000

EU Directives met:

- Council Directive 96/62/EC on ambient air quality assessment and management (Air Quality Framework Directive)
- Directive 2010/75/EU on industrial emissions (integrated pollution prevention and control) (Recast)
- Regulation (EU) No 305/2011 laying down harmonised conditions for the marketing of construction products and repealing Council Directive 89/106/EEC
- Directive 2014/35/EU the harmonisation of the laws of the Member States relating to the making available on the market of electrical equipment designed for use within certain voltage limits
- Directive 2006/42/EC on machinery, and amending Directive 95/16/EC (recast)



In addition to finance, companies can also benefit from access to know-how to increase competitiveness in domestic and international markets. Whether it's introducing a new quality management system, developing a marketing plan for export products or adapting workplace procedures to new standards, companies can undertake an advisory project with local consultants and international advisers under the Programme on a cost-sharing basis.

Business advice

Work with a local consultant on a project aimed at a specific aspect of the business, such as introducing a quality management system that meets ISO standards or creating a feasibility plan for a new factory. These projects often last around 4-6 months and apply best practice to help the business become more competitive. Part of the costs of these projects are reimbursed, up to €10,000. This advice covers specialised areas of expertise including:

- strategy
- marketing
- organisation
- operations
- technology
- engineering solutions
- quality management
- financial management
- energy efficiency and environment

Industry expertise

Ensure your business can compete internationally by drawing on the expertise on an international adviser from the same industry. Through sharing their own international experience in senior management in the same industry, he or she can help strategically review every aspect of the business and develop a credible strategy for investment and growth.

Whether it is specialised knowledge of the right humidity levels for wool spinning, laboratory standards for producing pharmaceuticals or selecting the most effective equipment to improve manufacturing, these international industry advisers understand how these issues relate to each business and its needs. These projects usually take between 12-18 months.

Connect with other entrepreneurs and strengthen your export knowledge

The EBRD's export promotion training for SMEs can help companies understand the foundations of export, including identifying the right market and product dynamics, and export planning and EU specificities. The EBRD also organises regular events, training courses and networking opportunities for entrepreneurs. Email knowhowgeorgia@ebrd.com and connect on Facebook to find out more about what is coming up.

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