



Newsletter 01/2025

March 2025

Armenia • Georgia • Tajikistan • Ukraine

Empowering MSMEs in rural areas and improving access to sustainable financial services – that is the mission of our regional project.

In the green zone

The project progress review conducted at the end of 2024 confirms that the project measures are well aligned with international priorities, national development strategies, and the strategies of the project partners.

The leverage of the ESG guidelines and instruments introduced at the sector level is rated as high. The **ESG Risk Radar**, offered by German Sparkassenstiftung and tailored to the country-specific conditions in collaboration with the central banks, is mandatory for the financial sector in **Georgia**. For the **Armenian** financial sector, its application is recommended by the central bank. As a result, ESG risks are considered in the risk management of banks nationwide. At the same time, regulatory requirements are increasing awareness of the need to develop sustainable financial services.

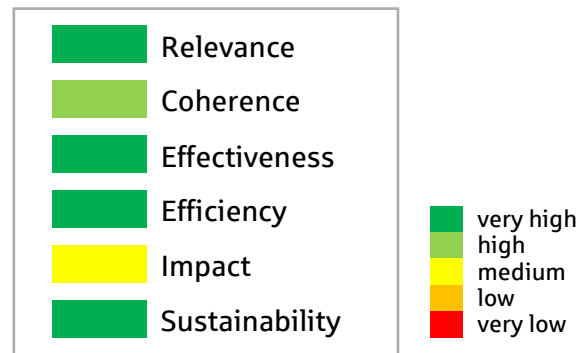
We see ESG as very important. It is a change of mind-set. We teach and transform our clients – and they us.

Maya Kobalia, Crystal MFO
Georgia

Many women have taken on the role of head of the household. The training sessions often serve as a starting point for more economic activities.

Madina Safoeva, Director of the Gafurov Education Center, Tajikistan

The strong commitment of our partners in the field of **financial inclusion**, as well as **financial and entrepreneurial education**, ensures the sustainability of the project activities. This is also evident in the rapid adoption of the developed solutions into regular operations.



Project evaluation according to DAC criteria



We thank our partners for their appreciative feedback and the trustful cooperation.

How credit evaluation can reduce CO2 emissions

The portfolio of **Farm Credit Armenia UCO** was characterized by a very low loan default rate, but complex approval processes. The microfinance institution aimed to optimize these processes. Together with experts from the Sparkassen Finance Group, an **automated loan approval process** was developed. At the heart of this system is a new scoring model for standard loan decisions. If the automated scoring rejects a loan application, it is then reviewed by a loan officer. The new process:



reduces the loan decision time from 3-5 days to just 30 minutes



frees up resources for customer consulting



enables transparent digital communication



reduces CO2 emissions by 2,380 tons annually¹

Ukrainian microfinance organization with new customer potential

Within a very short time, our **Ukrainian** partner, the microfinance organization Anisia, was able to turn the opportunities offered by the new Law on Credit Unions into business success. With our support, Anisia has created all the prerequisites for serving the **target group of legal entities** in addition to individual entrepreneurs.

- In a highly competitive market, Anisia became the first credit union in Ukraine to enter this new business sector.

- After the launch of the new products, the financing volume for legal entities already accounted for 17 % of the total financing volume.

Customers of Anisia are also its members. This model provides access to finance for those entrepreneurs who are often not the focus of commercial banks. The loans provided by Anisia can be the key to their business success.

Coping with the consequences of climate change



The new **business game**, developed by German Sparkassenstiftung, **Managing Climate Resilience**, offers farmers a hands-on scenario to help them understand how to adapt to the consequences of climate change.

In small teams, participants protect their agricultural business by cultivating sustainable products and investing in sustainability practices. They explore growth opportunities but are also confronted with challenges such as water scarcity, deteriorating soil quality, and extreme weather events. Every decision impacts their own operation as well as the regional microclimate. The winning team is the one that successfully managing it finances and balances its own resilience with environmental protection in the region.

¹ Branch visits and visits to the loan applicants' companies are no longer necessary. This saves 187,440 km per year. The calculation

is based on the typical fuel mix used in Armenia. A detailed breakdown is available upon request.



The business game will soon be available in the local languages and can be used in our projects. Learn more about the business game [here](#).

Sustainable business practices are part of the entrepreneurial education programs in all four project countries. So far, **1,388 entrepreneurs** have participated. **75%** of the graduates **improved their knowledge**.

Responsible management of Georgian forests

The goal of the **GIZ-funded project „Sustainable Forest Management“** is to promote alternatives to informal income from deforestation for firewood production. The project supported businesses and startups along the value chains in eco-tourism, forest fruit processing, and the wood processing industry.

In training modules on business and product management, participants reviewed their business processes, developed new ideas, and learned about the legal foundations of business management. 32 entrepreneurs were selected for in-depth coaching, and twelve of them received grants to implement their business plans. A tailored training program for sawmill owners on business strategies and change management under the new legal framework rounded off the offer.

In collaboration with local authorities and civil society organizations, the project primarily targeted vulnerable households, women-led businesses, informal businesses seeking registration, and companies with potential for employment growth.



These groups also came together at the closing event to share experiences and discuss the new approaches.

Sustainable wood processing can be this beautiful. Take a look at [Shota Shanshiashvili's toy production](#).



The project „MSE Development Support for Sustainable Forest Management in Selected Municipalities“ was funded by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) as part of the „ECO.Georgia“ initiative.

Strengthening the Ukrainian SME sector

The ongoing Russian aggression presents immense challenges for the Ukrainian economy. The project **„Access to Finance and MSME Resilience Support, Phase II“**, funded by the **German government**, strengthened the resilience of small and medium-sized enterprises (SMEs) and equipped them with resources to maintain business operations. The program primarily targeted strategically important businesses and those most affected by the war. It

consisted of both a financial component and coaching.

Ukrainian partner banks have provided investment and operating loans totaling approximately 24 million euros. Additionally, 20% to 30% of the investment amount was subsidized by the project, with grants amounting to a total of around 3.9 million euros. For the 345 supported businesses, this not only meant urgently needed funds for business operations but also solidarity and unity with European partners. The measures helped to save 10,757 jobs.

100 businesses with 5,440 employees took advantage of the coaching program. Over 469 coaching hours, they received support in optimizing business processes and developing strategies for marketing, exports, finance, and digitalization. Consultation on energy security was also in high demand.

Products that strengthen Ukrainian identity: Get to know the manufacturers in this [video](#).



The project was implemented within the international cooperation project „ReACT4UA“, that is financed by the German Government. The strategic implementer was the German federal company Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH.

Our regional project

Socio-Ecological Transformation of the Rural MSME Sector and Sustainable Financial Services

Goal

Improve access to a sustainable financial market for the population and MSMEs in rural areas and sustainable use of demand-oriented financial services,
Improve financial, entrepreneurial, and ecological competences

Countries

Armenia, Georgia, Tajikistan (until 12/2024), Ukraine

Duration

1.1.2023-30.9.2025 (first main phase)

Partners on side

- National and Central banks of the countries
- Commercial banks and MFIs with a strategic focus on MSMEs in rural areas
- Associations of entrepreneurs

Partners in Germany

- Ostdeutscher Sparkassenverband
- Sparkassenverband Westfalen-Lippe
- Sparkasse Elbe-Elster, Finsterwalde
- Sparkasse Märkisches Sauerland Hemer-Menden, Hemer
- Sparkasse Muldentale, Grimma

The project is funded by the Federal Ministry for Economic Cooperation and Development of the Federal Republic of Germany (BMZ).



Armenia



Georgia



Ukraine

