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actio
Impact Fund Georgia

CSR DG
Center for Strategic Research and
Development of Georgia



PHOTO: SOCIAL ENTERPRISE DADARI

IMPACT FUND

ACTIO

IMPACT REPORT

SEPTEMBER • 2024

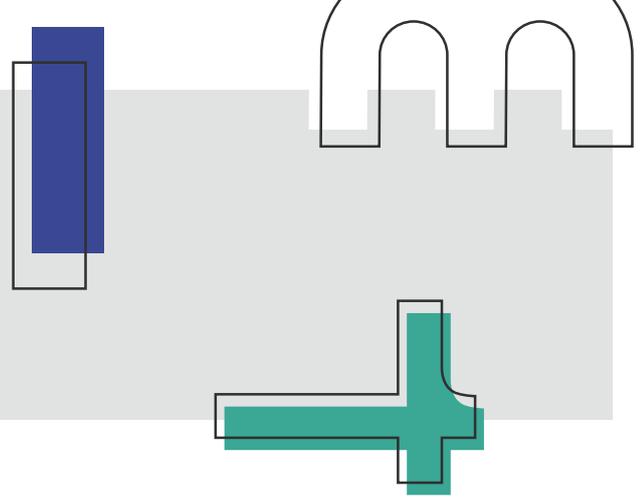
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Brot
für die Welt

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ABOUT ACTIO

The Impact Fund Actio was established in 2022 by **the Center for Strategic Research and Development of Georgia (CSRDG)**.

The fund functions within the framework of CSRDG and does not operate as an independent legal entity. This operating model enables Actio to leverage the resources gathered by the CSRDG, including the trust established between society and partners, as well as local and international contacts, along with human and administrative resources.

Actio was established with the financial and technical support from the "Collaborate for Impact" project, funded by the European Union. Impact Europe, the lead partner of the project, has significantly contributed to the development of not only Actio, but also the impact investment ecosystem in Eastern Europe.

ACTIO AIMS

To generate a meaningful and positive social impact in collaboration with social enterprises, impact investors, and partners, focusing on work integration and education of vulnerable groups, environmental protection, and the preservation of cultural heritage.

FROM 2023-2027

ACTIO'S AMBITIOUS PLAN IS

to support at least (with a sustainable business model)

10 [↑] SOCIAL ENTERPRISES

focusing on economic, social, and environmental impact.

 This report details Actio's activities from **January 1, 2023, to June 30, 2024.**

ACTIO INVESTORS

The opportunity to provide financial and technical assistance to social enterprises was made possible by the collaborative efforts and resources of the European Union, Actio impact investors, partners and supporters.

The following financial resources have been already mobilized for the funding of social enterprises:



Currently, Actio has secured the necessary funds to finance **7 social enterprises**

418 800 €

To assist a minimum of **10 social enterprises** in achieving the objectives established for 2023-2027

REQUIRE A TOTAL OF

600 000 €



The Impact Fund's budget encompasses financing for social enterprises, **technical assistance, and administrative expenses.**

i Throughout the reporting period, EUR 418,800 has been successfully mobilized, and Actio is diligently maintaining communication with investors to secure the remaining funds.



ACTIO PORTFOLIO

Throughout the reporting period, the impact fund **Actio incorporated four social enterprises into its portfolio: Babale, Istoriali, Tene, and Champy**. The selection process was conducted in two phases. The decision regarding the selection of each social enterprise was made by the investment committee.

The third round of the enterprise selection took place in the summer of 2024. Consequently, discussions are presently in progress with the **social enterprise Dadari**.

In social enterprises
HAS ALREADY INVESTED 166 740.8 €



SOCIAL ENTERPRISE	TOTAL FINANCIAL SUPPORT	GRANT	0% LOAN	THE AMOUNT EMPLOYED
Babale	49 706.42 €	39 915 €	9 791 €	35 954.3 €
Istoriali	49 817.53 €	39 817 €	10 000 €	38 886.5 €
Tene	49 990 €	40 000 €	9 900 €	41 900 €
Champy	50 000 €	40 000 €	10 000 €	50 000 €

 The social enterprise Babale has successfully repaid the loan in full, while the other three social enterprises are adhering to the payment plan for the amounts they received as loans.

Throughout the reporting period, with the assistance of Actio, the portfolio social enterprises enhanced their production capabilities, introduced entirely new products and services, and diversified their existing offerings. Furthermore, the advancement of business operations positively influenced their social and environmental outcomes. For instance:

- **BABALE** developed an innovative ceramic production line, **leading to a 24% increase in annual income**;
- **ISTORIALI** has **refurbished its workshop** which will foster further development, popularization and preservation of the metal sculpting profession. The enterprise has also introduced two new collections: "Tbilisi line" and "Men's line";
- **TENE** **doubled the amount of plastic collected each month**, increasing it from 4 tons to 8 tons. Additionally, the number of individuals who sort and hand over plastic has risen from 2,000 to 5,300, while the quantity of green boxes placed in schools and organizations has grown from 200 to 350;
- **CHAMPY** acquired new equipment, leading to a **2.5-fold increase in the annual production of the enterprise**, rising from 146,016 pieces of chips to 356,354.

SOCIAL ENTERPRISE BABALE FOSTERING WORK INTEGRATION AND EDUCATION

The social enterprise Babale was founded in 2015. Babale aims to enhance the independent living of individuals with Down syndrome by focusing on their employment and the development of professional skills.

The social enterprise creates a range of decorative and functional handmade products made from wood, ceramics, and textiles. Babale's socks and kitchen accessories distinguish themselves from the mass-produced items offered by the enterprise.



Before partnering with Actio, Babale had already developed a sustainable business model that allowed individuals with Down syndrome to engage in the production process while also generating funds to support essential programs for them. Babale employed 15 individuals, including 3 with Down syndrome, and provided art therapy services to 8 young people with Down syndrome.

Given the stable social and economic results attained, the founders of Babale were confident that the enterprise has the potential to expand and scale up its economic and social outcomes. During the production of ceramics and textiles, Babale utilized ready-made materials (e.g. ceramic items and textile bags) sourced from partner companies, which were then painted and packed by Babale. The collaboration with Actio provided Babale the opportunity to create entirely new products and establish a production site of its own. The young individuals with Down syndrome engaged in new production processes at Babale have gained multiple opportunities to enhance their social and professional skills and secure employment. This has been made possible through a well-structured "Professional Orientation and Career Support Program", developed with the support of Actio.

THE DATE FOR SIGNING
THE CONTRACT WITH ACTIO IS

MAY 01 2023

ACTIO FINANCIAL SUPPORT

- GRANT - 49 915.42 €
- LOAN - 9 791 €



With the financial support of Actio, Babale broadened the scope of its activities, enhanced its enterprise management processes, diversified its products, and created entirely new products and services. **Consequently, Babale's revenues experienced a substantial increase, which was subsequently mirrored in the growing positive social impact.**

Specifically, Babale has:

- Launched a new collection of socks and expanded the variety available;
- Arranged the ceramics workshop that opened in the fall of 2023 and quickly reached full capacity in response to market demand;
- Introduced a paid program for ceramic master classes, primarily serving the groups of schoolchildren. In 2024, a total of 67 master classes were conducted, with **1 340 children participating.**
- A textile workshop is currently being organized, providing the opportunity to fully execute the production process of Babale on-site.



ENHANCING MANAGEMENT PROCESSES

- A communication strategy was developed with Actio assistance;
- Babale 2024-2025 business development strategy and action plan were elaborated with the support of TBC Bank;
- Accounting services have been outsourced;
- Furthermore, Babale has been focused on documenting and organizing its production and management processes.

SOCIAL IMPACT

The management at Babale recognized that to create meaningful employment opportunities for young individuals with Down syndrome, it was essential to develop and implement a systemic and complex support program. Through collaboration with Actio, Babale has created a four-step "Professional Orientation and Career Support Program" specifically designed for young individuals with Down syndrome. The program provided the enterprise with a chance to advance towards achieving various social outcomes in a structured and comprehensive way, including supporting professional development and employment of young individuals with Down syndrome, enhancing their self-confidence, and etc. **Consequently, Babale raised the target number of young individuals with Down syndrome from 11 to 24.** As part of the program, young individuals were categorized into various levels based on their skills and abilities. Consequently, they obtain services customized to their requirements and cultivate the abilities necessary to progress to the next level.

A total of 24 young individuals with Down syndrome are participating in various stages of the Babale program.

- 
- Creative stage - **12 individuals with Down syndrome;**
 - Pre-vocational training level - **5 individuals with Down syndrome;**
 - Internship level - **5 individuals with Down syndrome;**
 - Level of supportive employment - **2 individuals with Down syndrome.**

The distribution of young individuals with Down syndrome to various stages of the program provided Babale the opportunity to implement personalized approaches tailored to their needs. Individuals with Down syndrome typically navigate three stages prior to securing employment with each stage designed to foster the development of specific social and professional skills. Since the program's inception, there has been no increase in the number of young people with Down syndrome employed at Babale as they have been progressing through the initial three stages of the program. **At present, 2 young individuals with Down syndrome are employed in Babale, while one has obtained a new job opportunity beyond Babale, at another company.**

PARTICIPATION IN THE "PROFESSIONAL ORIENTATION AND CAREER SUPPORT PROGRAM"

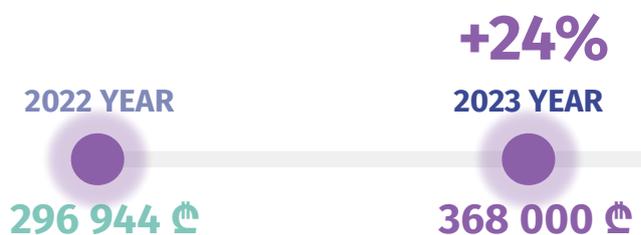
has led to significant advancements for young people with Down syndrome:

- Academic skills of the beneficiaries have improved by **60%**;
 - **50%** of the beneficiaries apply the skills developed at Babale in their everyday lives;
 - **40%** of the beneficiaries experienced increase in their confidence.
- The youth of Babale have been introduced to 9 new professions;
- 6 young individuals explored a new profession, with 2 enrolling in a vocational college;
- 2 youngsters are currently undertaking internships outside of Babale in business companies.

In 2023, Babale achieved significant recognition by winning the TBC Bank business award in the category of "Outstanding Social Responsibility."

ECONOMIC IMPACT

The launch of ceramics production led to a 24% increase in the annual income of Babale in 2023, reaching 368,000 GEL compared to 296,944 GEL in 2022, marking a notable accomplishment in income growth. During the summer of 2024, Babale has commenced preparations for New Year's orders and anticipates an even more significant rise in revenues by the end of the year.





SOCIAL ENTERPRISE ISTORIALI FOSTERING PRESERVATION OF THE CULTURAL HERITAGE AND EDUCATION

Social enterprise Istoriali, was established in 2000. **The mission** of the enterprise is to support economic sustainability and promotion of the tangible and intangible cultural heritage sector of Georgia. Through the creation of jewelry, decorative items, and gifts, Istoriali showcases Georgia's rich cultural heritage to both local residents and those living abroad.



Prior to its partnership with Actio, Istoriali mostly outsourced the production of its goods to several partner artisans. This business model limited the enterprise's ability to scale production while maintaining quality standards. Despite the potential for growth and market demand, the existing workshop (three tiny rooms that needed substantial renovation and refurbishment), was inadequate for expanding the production. Recognizing this challenge, Istoriali also saw an opportunity to enhance and broaden its social impact. So, in addition to preserving Georgia's cultural heritage, the enterprise has committed to promoting metal sculpting as a traditional craft by offering practical opportunities and educational masterclasses.

CONTRACT SIGNING DATE WITH ACTIO

APRIL 27 2023

ACTIO FINANCIAL SUPPORT

- GRANT - 39 817.53 €
- LOAN - 10 000 €



With the assistance of Actio, Istoriali **renovated, organized, and equipped the jewelry workshop**. The upgraded workshop provides the Istoriali with the opportunity to enhance production of metal items on site and to foster the professional education and empowerment of local metalsmiths. Simultaneously, through collaboration with Actio and additional funding secured from Tbilisi City Hall, Istoriali expanded its product range, **launching two new collections: "Tbilisi line" and "Men's line"**.



In the spring of 2024, with support of Actio, Istoriali **renewed the brand book and developed a marketing and communication strategy** aimed at attracting new customers and boosting sales. The implementation of the strategy is scheduled to commence in September 2024.

SOCIAL IMPACT

To preserve and promote the traditional Georgian craft of metal sculpting, Istoriali **elaborated a practical course for students of the Academy of Arts** and anticipates welcoming them in the second half of 2024. Furthermore, the enterprise has designed both short-term and long-term master class programs. As a pilot, **two complimentary master classes have already taken** place during the European Artistic Crafts Days. Starting in September 2024, Istoriali will host paid metal sculpting master classes, providing an opportunity to share more about the traditions and cultural heritage of Georgia with local residents and foreign visitors.

Prior to the collaboration with Actio, Istoriali had 2 masters on staff and worked with 3 others through outsourcing. Throughout the reporting period, both indicators saw an increase of one.

Currently, the social enterprise employs three masters and continues to collaborate with four masters through outsourcing. **As a result of the collaboration with Actio**, Istoriali has successfully trained 2 female masters, whom it intends to employ starting in the second half of 2024.

Following the signing of the contract with Actio, Istoriali shared information about Georgian cultural heritage, history, and traditions with **approximately 5 000 individuals through participation in** various events and hosting customers in the showroom.



ECONOMIC IMPACT

As a result of partnership with Actio, Istoriali experienced a modest increase in income in **2023, reaching 143 597 GEL, compared to 141 167.2 GEL in 2022**. The financial indicators of 2023 were evaluated positively, as the renovation of the workshop was in progress for 8 months.

It is important to highlight that Istoriali has resumed testing the possibilities of exporting products and, in June 2024, in collaboration with an international exporter, dispatched a trial batch to the USA.





SOCIAL ENTERPRISE CHAMPY

FOSTERING WORK INTEGRATION AND EDUCATION; ENVIRONMENTAL PROTECTION

Established in 2016, social enterprise **Champy** aims at social and economic empowerment of the villages situated near the occupation line in the Gori municipality. By producing innovative healthy snacks and apple chips, Champy **supports** the employment of women in the Ditsi village and its surrounding areas while also fostering the development of farms through the purchase of local products. Simultaneously, the enterprise is diligently advancing in development of zero waste production, exemplified by the remarkable product "Tsmatsi".

Champy is a social enterprise that has created an innovative method for drying apples, resulting in the production of healthy, crispy chips and a fruit leather-like product "Tsmatsi".



Champy employs 13 women from Ditsi village and collaborates with 6 farmers from Ditsi and the surrounding areas.

The enterprise's operations near the occupied territory significantly contribute to economic empowerment of local community members and reduce of migration from the villages.

Since its establishment, the production and sales rate of Champy has been on the rise; however, in recent years, the enterprise's performance has struggled to meet the demand in both local and international markets. The increase in productivity was identified as a crucial prerequisite for the growth of Champy and its social and economic impact.

CONTRACT SIGNING DATE WITH ACTIO

NOVEMBER 2 2023

ACTIO FINANCIAL SUPPORT

- GRANT - 40 000 €
- LOAN - 10 000 €



With the financial support of Actio, Champy aims to improve its enterprise performance, which will subsequently reflect in both income and social outcomes. During the reporting period, Champy **acquired, assembled, and installed new production equipment**, with the installation completed in June 2024.



SOCIAL IMPACT

As productivity increases, Champy will steadily expand the number of employed women and partner farmers. It is important to note that Champy supports partner farmers not only by purchasing apples but also by providing consulting services on agricultural issues. Throughout its collaboration with Actio, Champy **has offered consultations to 9 farmers** regarding the handling of perishable raw materials and their processing.

During the reporting period, Champy recycled 7 tons of apple waste to produce "Tsmatsi," contributing to the reduction of environmental damage.

**IN TOTAL, THE ENTERPRISE
recycled 11.5 tons of apple waste**

ECONOMIC IMPACT

Since the contract with Actio was finalized at the end of 2023 and the installation of new equipment at the enterprise was completed on June 10, 2024, there has not yet been a noticeable increase in the economic indicators of Champy when compared to 2022 and 2023. The new production equipment will start its operations in September 2024, which is expected to result:

The production of apple chips
a 2.5-fold increase



Despite the fact that the first half of 2024 was fully devoted to the purchase and installation of the new equipment, in the same period the **enterprise increased the number of sales points of the products in Georgia:**

- Ska Juice Bar;
- Terminal;
- Gulf Store;
- Private schools (Buckswood International School, UG School, Georgian-American School, American Academy).



Champy aims to seize export markets to the fullest extent while enhancing productivity. In 2024, the enterprise **took part in two international exhibitions:**

- Green Week 2024 - Berlin;
- AMSTERDAM PRIVATE LABEL TRADE SHOW 2024 - Amsterdam.

Negotiations are currently in progress with **six international companies concerning the export of products.**





SOCIAL ENTERPRISE TENE

FOSTERING ENVIRONMENTAL PROTECTION AND EDUCATION; WORK INTEGRATION

Tene was established in 2021 with the aim of combating plastic pollution and increasing public awareness about environmental issues. Tene is the pioneering Georgian eco-friendly enterprise specializing in USB cable production, utilizing single-use secondary plastic in its manufacturing process. Alongside the production of USB cables, Tene has been consistently working on development of innovative products that support environmental protection, including plastic cup collectors, bottle vending machines, and more.

Prior to the collaboration with Actio, Tene had implemented a plastic collection initiative solely in Tbilisi, averaging a collection of 4 tons of plastic each month.

Tene incorporates plastic bottle caps in the production process, while the remaining raw materials are sent to the partner factory. Because Georgia has yet to establish a cohesive state system for the separation, collection, and recycling of plastics, Tene plays a crucial role in mitigating environmental harm. In addition to reducing waste from the environment, Tene contributes to lowering CO2 emissions through the solar panels installed in the factory. The enterprise has already successfully prevented the release of 75 tons of CO2.

In addition to the environmental outcomes, Tene plays a role in the socio-economic empowerment of vulnerable communities. The Tene factory is situated in the Tserovani settlement of internally displaced persons, where **11 out of the 17 employees are internally displaced persons impacted by the 2008 Russia-Georgia war.**

The awareness raising campaigns focused on environmental protection and waste management have led to an increased demand for plastic collection, not only in Tbilisi, but also beyond the capital, in the regions. However, Tene did not have sufficient resources to meet this demand. Therefore, the primary objective of the collaboration between Actio and Tene is to enhance the scale of plastic collection and establish sustainable plastic collection schemes.

**CONTRACT SIGNING DATE
WITH ACTIO**

SEPTEMBER 28 2023

ACTIO FINANCIAL SUPPORT

- GRANT - 40 000 €
- LOAN - 9 990 €



With Actio's support, Tene will expand its plastic collection efforts and enhance the volume of collected and recycled waste. This will lead to a rise in the production of USB cables and an increase in income generated from selling the plastic to the partner factory.

In the first half of 2024, Tene acquired a trunk vehicle, a 3D printer, and six press machines with the support of Actio. A second vehicle is planned to be purchased. Consequently, Tene will establish plastic drop-off points across Georgia, enabling the compression, economical stacking, and transportation of the collected plastic to Tene factory and the partner plastic processing facility. At present, there are 2 press machines placed in Tbilisi and Tserovani, with plans to establish four additional presses in Telavi, Gori, Kutaisi, and Batumi by the end of 2024.

In 2023, Tene achieved significant recognition by receiving a special award for "Green Initiative" at the "TBC Bank" business awards.



ENVIRONMENTAL IMPACT

Throughout the collaboration with Actio, Tene made notable advancements in the metrics of plastic collection and recycling:

**from 2 000 to 5 300
HAS RISEN**

The number of individuals participating in plastic collection

**10 SIGNIFICANT AWARENESS-RAISING
CAMPAIGNS AND EVENTS
WERE CONDUCTED**

engaging approximately 500 participants, including school children

**from 4 to 8 tons
INCREASING**

The monthly quantity of plastic collected doubled

**from 2 00 to 350
HAS GROWN**

The quantity of green boxes placed in schools and organizations, facilitating plastic collection in these institutions.

OVER 10,000 INDIVIDUALS

received information from online regarding environmental issues

55.6 TONS OF PLASTIC WAS GATHERED

**200 KG OF PLASTIC
RECYCLED**

while 15.6 tons of plastic was recycled at the partner factory.

**IN TOTAL
SINCE ITS FOUNDATION
SOCIAL ENTERPRISE TENE**

PLASTIC
**83 TONE
COLLECTED** ↑ **40 TONE
RECYCLED**

The remaining plastic is stored and periodically sorted, compressed and distributed to Tene and partner factories.

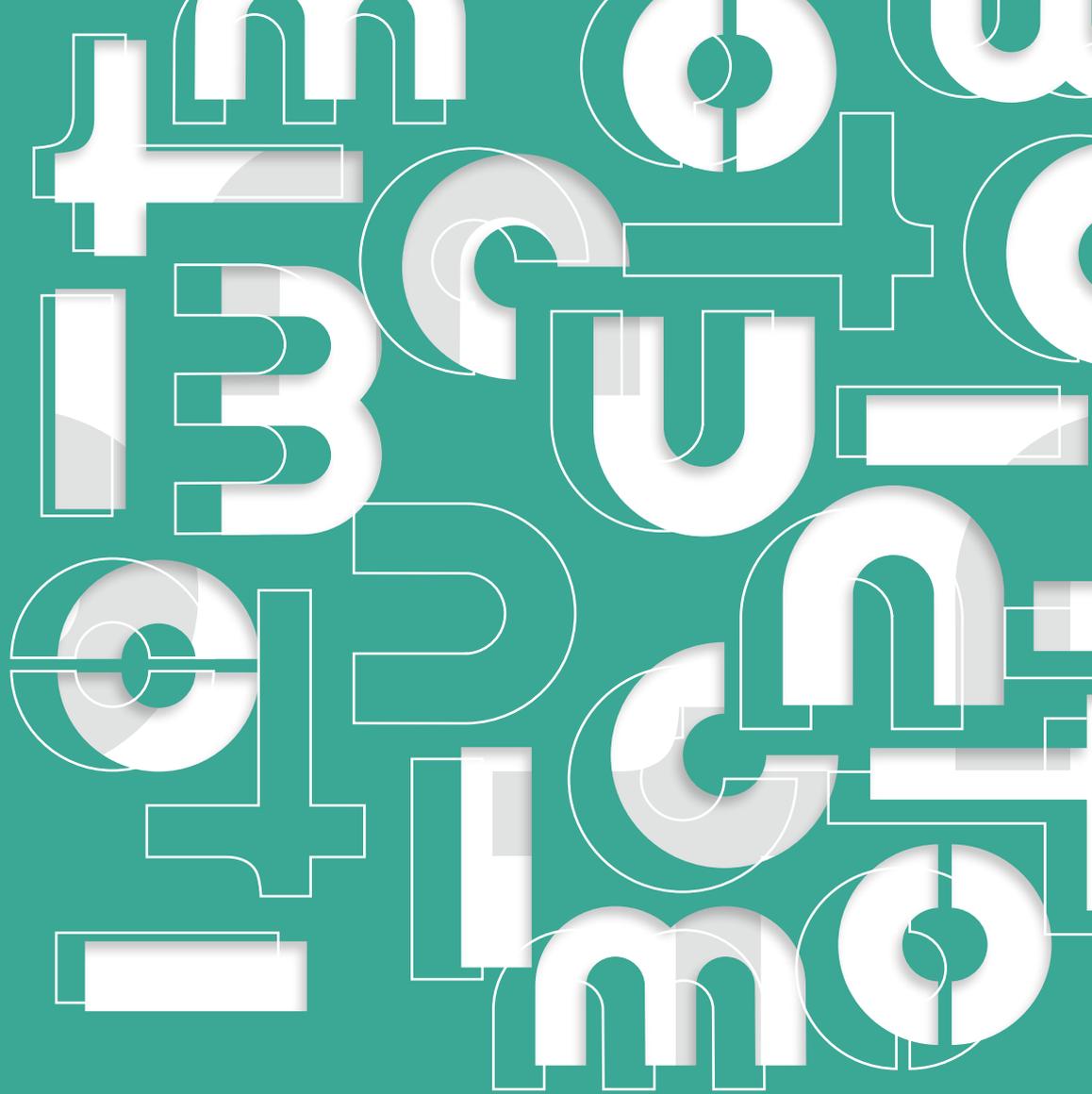
Following the establishment of plastic collection points in the regions of Georgia, the aforementioned indicators are expected to rise further.

ECONOMIC IMPACT

The contract with Actio was signed in the fall of 2023, and Tene purchased the new vehicle and press machines in the spring of 2024; therefore, growth in economic indicators has not yet been observed. In addition, the cost of plastic has decreased. Nonetheless, Tene remains committed to mitigating the environmental harm caused by plastic waste, as evidenced by the environmental outcomes attained through collaboration with Actio. **Tene anticipates the improvement of economic indicators in the upcoming 1 to 1.5 years.**

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#ACT FOR IMPACT

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