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## SUCCESS STORY

# Leasing Boosts Georgian Agribusiness

### Leasing workshop sows seeds of prosperity for Georgian agriculture



Photo: Roger Bird, ACDI/VOCA

Kvicha Grdzeldze inspects dried mushrooms at his business in Sachkere, Georgia.

***Mamuka's lease allows him to make higher payments during mushroom season, when cash is plentiful, and lower payments the rest of the year.***

Spring and fall are wild mushroom seasons in the mountains near Sachkere, Georgia, and every day villagers of all ages fan out into the cool forests to collect succulent porcinis and chanterelles. The bulk of the harvest goes to Kvicha Grdzeldze and his partner Mamuka Nozadze, who run a mushroom-drying business.

It can take two hot, dry days to sun-dry 1,100 pounds of fresh mushrooms, which is only a fraction of the 10 tons that could be harvested each day in Sachkere if the capacity was there. With a mechanical drying machine, Kvicha and Mamuka could process 20 times more mushrooms than they now without having to worry about rain interrupting the process and destroying the product. The higher-quality mushrooms could then be sold to European markets — and fetch twice the price they would in Georgia.

But at \$23,000, the cost of a drying machine is well out of their reach. “We could never afford to buy such a machine, although it would make our work so much easier,” said Mamuka. And even if banks would lend money to such a small business, he said, “interest rates are very high in Georgia for beginning entrepreneurs.”

To help small businessmen like Kvicha and Mamuka access modern, expensive equipment, USAID is supporting a program to introduce machine leasing to the country. “This is an absolutely new financing tool for Georgia,” said George Gvalia, deputy director of the Georgian Leasing Company. While agriculture accounts for the largest share of Georgia’s economy, few farmers have the resources to modernize.

But leases do not require significant collateral, since the leasing company owns the equipment. Also, monthly payments are lower, and if better equipment is invented, the customer can return the old equipment at the end of the lease and obtain a newer machine. Mamuka’s lease allows him to make higher payments during mushroom season, when cash is plentiful, and lower payments the rest of the year.

Mamuka said they expect to be able to hire as many as 500 villagers to collect mushrooms once the new machine is up and running. And with their increased profits, Kvicha and Mamuka hope to expand their processing into other dried products.