



One University. One World. Yours.

Management Training for Small and Medium Enterprises in the Caucasus Region

Countries: Canada, Armenia, Georgia & Azerbaijan

Source of Funding: CIDA
Saint Mary's University
Caucasus Partners

Total Project Value: \$1,052,290

Start/End Dates: January, 2001 to March, 2004

Duration: 39 months

Description: This project intends to address the lack of high-quality support for SMEs in the Caucasus by assisting in strengthening SME support structures/organizations and bringing a regional focus to SME development. The project will, through the development and strengthening of business development centres in the three countries, assist in upgrading the business skills of small-scale entrepreneurs, with a specific target group being women entrepreneurs.

Finally, the project will attempt to act as a catalyst to bring together entrepreneurs and their support organizations from the three countries in an effort to create professional and business synergies that will benefit the region as a whole.

Communities all over the Caucasus region are affected by a drop in economic output, a rapidly deteriorating infrastructure and serious budget constraints that are affecting the social and economic systems of Armenia, Azerbaijan, and Georgia. The region's situation is changing so rapidly that its economic and social challenges are more closely linked than ever before.

The three countries have identified small and medium-sized enterprise management training as crucial to providing the knowledge and skills necessary for rebuilding solid economic and social structures in the Caucasus.

Working with locally-based institutions, the project will work to establish three business development centres. The project will assist to develop practical business courses, and provide technical advice and training in small and medium-sized enterprise management. Once the programming is in place, selected demonstration initiatives will be undertaken with appropriate businesses in the region.

In addition to better preparing small businesses to cope with the demands of a market economy, the project will also facilitate networking and collaboration. It will serve to link business in the Caucasus with the private sector, professional associations, NGOs, and universities in Canada. The variation in the make up of the regional-based partners will showcase different yet linked business

development models. The "best practices" from these models will subsequently be adapted to meet the individual needs and contexts.

The specific problems to be addressed in this project are the following:

1. Entrepreneurs in the Caucasus generally lack access to high-quality professional support services. Foreign investment is opening new opportunities for SMEs, but they can realize these opportunities only if they are able to rapidly gain and adopt modern business skills. They need a wide range of information, advice, and training. SMEs are significantly affected by the scarcity of skilled employees and the resultant high wages. Finally, entrepreneurs in the Caucasus have very little experience in marketing.
2. No powerful community-based organizations, non-governmental organizations or professional associations with regional ties have yet emerged to represent the interests of SMEs in the Caucasus. This is true in spite of the growing number of SMEs, the problems they face relative to large enterprises, and the many NGOs that have been established in other areas such as youth, environment and human rights. Most existing associations established to provide support to entrepreneurs have a severely limited capacity. They are generally unable to create links with foreign enterprises, to convey entrepreneurs' needs and problems to their respective governments, and to provide other forms of support to SMEs.
3. Contemporary society in the Caucasus region is characterized by a traditional gender division of roles. Women are very poorly represented in decision-making positions and in public life in general. Nonetheless, particularly during this period of transition, women in the region are very active economically, usually simultaneously fulfilling the role of bread-winner and mother. The already significant obstacles to SME development in the Caucasus are exacerbated by this duality of roles, creating a very difficult environment in which women entrepreneurs must operate.
4. The Caucasus has experienced a great deal of upheaval. Cooperation between organizations dedicated to supporting SMEs in the three countries remains difficult to the detriment of the growth and development of community-based organizations that are aware of regional issues and who can learn from partner organizations in neighboring countries. There is seemingly little understanding of issues in each other's countries. Moreover, each of the three countries that make up the Caucasus has a relatively small domestic market. Regional cooperation would assist to expand markets, as well as increase profitability and efficiencies.

Partner Institutions: Armenia - The Union of Manufacturers and Businessmen of Armenia
Georgia - Tbilisi State University
Azerbaijan - Caucasus Business Development Centre

For more information, please contact: international.activities@smu.ca