



MAP AVAILABILITY OF FINANCIAL BUSINESS DEVELOPMENT SERVICES IN GEORGIA

REPORT

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REPORT

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DELOITTE CONSULTING LLP

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DATA

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ABSTRACT

In the market economy Georgia strives to develop, one of the essential components is small and medium enterprises (SMEs). Qualifications of staff directly or indirectly involved in SMEs, is one of the major obstacles to SME development in Georgia. The Economic Prosperity Initiative (EPI) has performed assessments of business training and advisory service providers' capacity to meet the training and advisory needs of SMEs and finance providers in Georgia to be used as a baseline data for the development of an access to finance action plan Through these assessments, EPI expert and author of this report, Levan Gogoladze has identified numerous demand-side and supply-side constraints from the perspective of access to higher education, trainings, consultancy and advisory services.

ABBREVIATIONS

ABCO	Association of business consulting organizations
ABG	Associations of Banks of Georgia
AMFO	Association of Development and Support of Microfinance Organizations of Georgia
ASED	Association of Stock exchange development
AYEG	Association of Young Economists of Georgia
BCC	Business Training Center
CU	Caucasus University
FU	Free University
GACC	Geo Audit & Consulting Company
GIA	Georgian Insurance Association
GU	Georgian University
GAU	Georgian American University
ISU	Ilia State University
IBSU	International Black Sea University
LAG	Leasing Association of Georgia
MIA	Microfinance Institutions Association
MES	Ministry of Education and Science
SEAF	SEAF Management (Georgian Regional Development Fund)
TSU	Tbilisi State University

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EXECUTIVE SUMMARY

The following assessment was carried out both qualitatively and quantitatively and through meetings with respective individuals, as well as analysis of secondary data during March 7-25, 2011. The consultant used quantitative data when available, and qualitative analysis based upon inputs from interviews with all the stakeholders directly or indirectly connected with SMEs.

Small and medium-sized enterprises (SMEs) play a very important role in the economy of any country. In Georgia, SMEs with a large share in total number of enterprises and in total employment still contain many weaknesses, including:

- Insufficient access to finance
- Insufficient credit guarantee system
- Insufficient education level
- Lack of expertise in technology, R&D and innovation
- Low level usage of loans
- Lack of modern marketing techniques
- Lack of consciousness of quality and trademark concepts
- Lack of capital for high technology investments
- Lack of institutionalization
- Low level of networking
- Lack of harmonization to global standards

For many years, the Government of Georgia in cooperation with international donor agencies have implemented a variety of programs to support SME's with the above-mentioned constraints. This cooperation played an immense role in further developing SME's. However, SME's need continued support to achieve a higher level of sustainability. Thus, EPI considers support to SMEs as a priority and, in particular, is focusing activities targeting one crucial area – the education and training of consultancy and advisory services.

There are many state and private universities with business programs in Georgia. The number of students studying at business schools currently amounts to 18,560 and the share of students who graduate from business school annually reaches 20% (2009/2010 year, source National Statistics Office of Georgia). Apart from business schools, there are number of business training and advisory service providers who serve the business sector in Georgia, including SME's. However, the activities supported by these education programs and service providers have many weaknesses. Meetings with key representatives of these institutions demonstrated a number of common problems from both the supply and demand sides that hinder SME development. These issues are outlined below.

Supply side constraints:

- Lack of capacity in education, training and consultancy, especially in regions
- Insufficient motivation of educational, training and consulting institutions to attract SME clients

- Lack of experienced instructors/trainers in regions

Demand -side constraints:

- Inability of SME's to pay for education, training and consultancy services
- Lack of access to training and consultancy in the regions for SME's
- Lack of understanding among SME's about added values to use services of , of training and advisory service providers.
- Mismatch of SME needs with curricula of degree and non-degree programs

Although list of constraints are similar, a level of competency of employees in the third party – microfinance organizations, banks, insurance companies etc. - is higher. They recruit nearly 95% of employees from state and private business schools, with the remaining share of employees from the pool of students who have received education abroad. Most microfinance institutions (MFI's), banks, insurance companies and leasing companies conduct additional training modules for their employees. The leading banks have their own training centers that offer courses for small and medium-size loan officers inter alia other training programs. Small banks and other financial institutions typically outsource training services.. However, this sector also has constraints in terms of both supply demand-sides. These constraints are outlined below.

Supply- side constraints:

- Lack of skills and knowledge to offer the right product to SMEs
- Inability to advice business solutions to SMEs

Demand- side constraints:

- Lack of knowledge of products they would successfully use in their business
- Low credibility of financial institutions among SMEs

In the main part of this paper EPI consultant provides the detailed information regarding demand -side and supply -side constraints obtained through published and online data, official statistics, 20 meetings with businesses, government and other organizations in different fields, consultant's own extensive knowledge and experience. It also provides recommendations aimed at development and implementation of a comprehensive action plan to improve access to finance for SMEs.

In the assessment process, the consultant used the following criteria:

- Open Training Programs (yes/no) – infers to whether an institution has running training programs
- Consultancy (Yes/No) – infers to an institutions' ability to provide consultancy
- Special programs for SMEs (Yes/No) – infers to an institutions' experience and ability to provide training and consultancy

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- Donor funded projects – infers to an institutions' experience of running projects/programs in training, consultancy and business advising financed by donor organizations
- Academic degree programs (Yes/No) - infers to whether an institution has degree programs in business and economy
- Advisory services (Yes/No) – infers to an institutions' capacity in to advisory service in accounting, auditing, asset appraisal, taxation, feasibility study, valuation service and due diligence
- Grade - infers to institutions' quality and capacity to collaborate with EPI in providing training, consultancy and business advisory services to SMEs. The ranking criteria 1 to 5 (5 being maximum score).

ASSESSMENT

FINANCIAL INSTITUTIONS' ASSOCIATIONS

The main goal of these associations is to support the development of the respective sectors in Georgia, to defend the rights of their members, to coordinate their activities, and draft the legal amendments as well as to prepare proposals for alterations in the legislation/regulations. Objectives of these associations are also to help their members to increase skill and competency of financial institutions employees.

There are five financial institutions' associations in Georgia:

- The association of Development and Support of Microfinance Organizations of Georgia (AMFO)
 - Associations of Banks of Georgia (ABG)
 - Leasing Association of Georgia (LAG)
 - Georgian Insurance Association (GIA)
 - Association of Stock Exchange Development (ASED)

THE ASSOCIATION OF DEVELOPMENT AND SUPPORT OF MICROFINANCE ORGANIZATIONS OF GEORGIA (AMFO)

AMFO currently does not have capacity to support their respective sectors in terms of training and consultancy.

ASSOCIATION OF BANKS OF GEORGIA

ABG set up its training unit together with Caucasus University (CU) to increase skill and competency of banking institutions' employees. The unit - Banking Training Center (GBTC) established with support of USAID SME Support Project. Objective of the GBTC is to address Georgian banking sector's needs and provide training programs for professional bankers that will meet the requirements of local business community, including SME sector.

LEASING ASSOCIATION OF GEORGIA (LAG)

LAG does not provide any training or consultancy, since its limited ability, although necessity of training courses for the staff in leasing sector is extremely high.

GEORGIAN INSURANCE ASSOCIATION

GIA also formed training unit. It has three training modules, among which most demanded is principals of insurance and insurance for intermediaries. These are newly launched programs and demand is very high. However, GIA currently faces difficulty to find qualified trainers in order to meet demand. There are only three instructors, who fit qualification standards. Apart from training, GIA offers subject matter consultancy to any individual either directly or through its hotline.

ASSOCIATION OF STOCK EXCHANGE DEVELOPMENT

ASED currently does not have capacity to support their respective sectors in terms of training and consultancy.

List of financial sector associations, providing training programs, consultancy and other service to SMEs

List of providers:	Open Training Programs (Yes/No)	Consultancy (Yes/No)	Special programs for SMEs (Yes/No)	Donor funded projects	Grade
Georgian Insurance Association	Yes	Yes	No	No	4
Association of Banks of Georgia	Yes	Yes	No	Yes	3
Leasing Association of Georgia	No	No	No	No	1
AMFO	No	No	No	No	1
Association of Stock Exchange Development.	No	No	No	No	1

Source: data collected by Levan Gogoladze via direct contact with listed institutions

UNIVERSITIES AND BUSINESS SCHOOLS

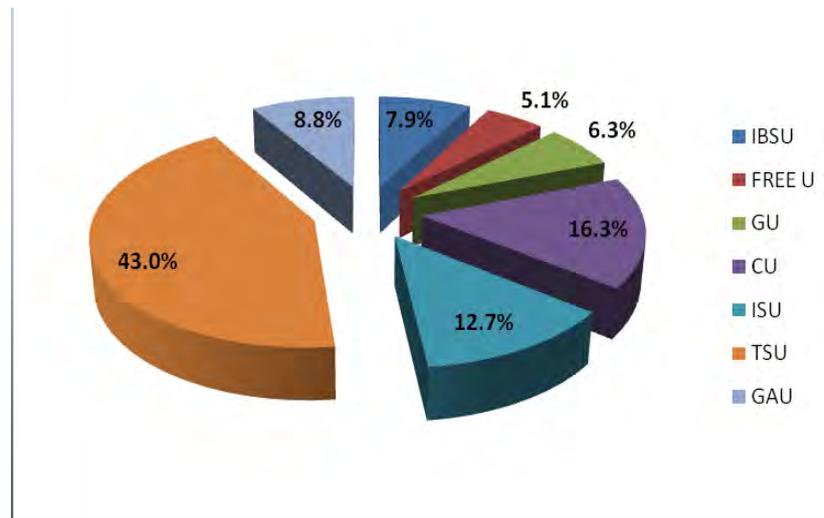
There are more than thirty state and private academic institutions in Georgia, which have business programs. Out of thirty, the listed below are the most recognizable and reputable institutions:

- International Black Sea University (IBSU)
- Free University (FU)
- Georgian University (GU)
- Caucasus University (CU)
- Ilia State University (ISU)
- Tbilisi State University (TSU)

- Georgian American University (GAU)

About 10,000 students take courses (both undergraduate and graduate) in the field of business and economy in these universities and business schools.

Market share of above listed business schools:



Source: Survey and market analyze conducted by consultant Levan Gogoladze

The degree programs these educational institutions offer are quite similar at both undergraduate and graduate level. List of subjects in business and economy programs are:

- Basics of marketing
- Management Accounting
- Legal basis of business regulation
- Computer skills
- Macroeconomics Foundations
- Principles of Marketing
- Financial accounting
- Principles of microeconomics
- Intermediate Accounting I
- Management concept, theory and practice
- Consumer behavior
- Organizational behavior
- Cost accounting

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- Business communication
- Introduction to statistics
- Marketing research
- Tax law
- Corporate finances
- Management leadership
- Entrepreneurship
- Data analyzing and business simulation
- Valuation of financial assets
- Banking
- Marketing plan development
- Innovation Management
- Advance Audit
- Advanced Statistical Methods
- Strategic Management
- Internal audit
- Introduction to International Finance
- Project Management
- Sales management
- Distribution channel management
- Introduction to international financial reporting standards
- Integrated marketing communication
- Industrial marketing
- Strategic marketing
- Practical financial management
- Logistics
- International marketing
- Financial Analysis and Introduction to Loan Structuring
- Process management
- International trade management
- Corporate social responsibility
- Negotiation methods
- Quality infrastructure

These modules stand for a four-year period and cover students' basic understanding in all business aspects they should apply in practice. Private business schools have up to date study programs, however in state universities, curricula of degree-programs hardly meet the required standards. Main constraint of business schools is their limited access in to regions, except CU (Tourism School). The school is located in Batumi, it provides bachelors programs in tourism and International Business. Apart from degree programs, some of business schools provide certification (non-degree) programs. Details for each business school are provided bellow:

Free University, which operates In Tbilisi, has regular open CBA (Certified Business Administrator) course directly applicable to SMEs that , is five-month extensive program consisting principal of business, financial and managerial accounting, taxation, finance, management, marketing and computer skills. Upon completion, a student is required to a business plan on real business ideas and defend them as a term paper.

CU has also a training module for SMEs, since it has a long history of conducting donor funded entrepreneurship programs. However, the CU does not provide this course on a regular basis and conducts only when donors fund it.

IBSU Recently has started business certification program, which is developed based on the needs of SMEs. This course is open on regular basis and available for everyone, in Tbilisi area. Course design is very similar to what CU and FU have.

GAU also runs a specific training course in a field of accounting on regular basis. GU conducts numerous training courses, but none of them is useful for SME since it specifically covers health care sphere only.

TSU, which is state institute, has school of business and economy. This school is largest in the market. Considering its size, number of full faculty and facility, it has big potential to provide educational support to SME via training programs or other similar activates. However, currently there is no any specific course or training module directly applicable for SMEs. Moreover, TSU has centralized management and is not as flexible as private schools.

ISU just launched entrepreneurship development program in partnership with Eurasia Management House and they provide a special training for SMEs and support them to develop business plans. SMEs with good business plans then are financed by MFO "Alliance group".

As it was stated, these schools are concentrated in Tbilisi and consequently SME cannot benefit from their service in regions. Besides, if we address to non-degree programs, situation is much worse. Namely, only a few business schools provide certification programs (non-degree) to business sector in Tbilisi and none of them in regions, unless this is donor funded short-term training programs.

A list of universities/business schools, providing academic degree programs, non-degree courses and other service to SMEs, financial advisors or financial institution is given bellow:

List of providers:	Academic Degree programs (Yes/No)	Open Training Programs	Special programs for SME	Donor funded projects	Grade
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	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	
Caucasus University	Yes	No	Yes	Yes	4
Tbilisi State University	Yes	No	No	Yes	3
Free University	Yes	Yes	Yes	Yes	5
Ilia State University	Yes	No	Yes	Yes	4
Georgian American University	Yes	Yes	No	No	3
International Black See University	Yes	Yes	No	Yes	4
Georgian University	Yes	Yes	No	No	3

Source: data collected by Levan Gogoladze via direct contact or phone conversation with listed institutions

TRAINING AND CONSULTANCY PROVIDERS

Training and consultancy providers are not under the control of Ministry of Education and Science (unless this is vocational education). As far as this is unregulated market, there are number of training centers and consultancy providers in the market, from which, we can distinguish nine providers according to their recognition and experience:

- Consulting and Training Center (CTC)
- Georgian Banking Training Center (GBTC)
- Intellect center Georgia (IC)
- Tbilisi business training Center (TBTC)
- Georgian Business development Center “Caucasus” (GBDC)
- V&J Center

- ABCO consulting
- GDCI consulting
- BCCs in numerous regions

In these companies, most popular courses and services are:

- Training in accounting (theory and practice)
- Training in principals of banking
- Training in marketing management
- Training in financial management
- Training in tax code
- Small business management
- Tourism management
- Quality management and safety system in various sector
- Consultancy in management, finance, marketing, trade and taxation

CTC is oldest training and consultancy center in Georgia. It provides many training programs in various directions. CTC is involved in numerous donor-funded programs, including regional programs for SMEs, where it trains and does consulting service to entrepreneurs. It has training module “Business Administration for Rural Area Micro-enterprises”. CTC has its own building with number of classrooms and necessary fixture. In addition, it has human resource capacity to handle training programs in regions.

GBTC is purely oriented to financial institutions’ sector and actively provides service to banks and MFOs by delivering courses for LOs, branch managers, risk department analysts and treasury. GBDC Caucasia provides trainings and consulting for MSMEs in appropriate business and law fields, recruiting and employment. Center is actively cooperating with international and local consulting companies, non-governmental, financial and educational institutions, but currently it does not have open training programs.

IC is multipurpose training center in Tbilisi, providing trainings in practical accounting, practical management designed for small and medium businesses, trainings for loan officers and trainings for bank and MFO customers, which provides general understanding in principles of loan application, legal rights, preparation of required financial and legal documents for loan, different types of loans and etc. customers. Apart from training, IC provides consultancy service to businesses in the area of business plan development, accounting and marketing.

V&J Center provides training service in many fields, including practical accounting, principal of banking, tourism, business administration, etc. but this company is not oriented to SME, rather it addresses those seeking the job on the market.

The same market segment is interest of **TBTC**, which provides training in accounting, insurance and healthcare Management, banking affairs and marketing management.

ABCO Georgia is association of consulting companies. Its mission is initiation of and facilitation to creation and development of new BCOs in various regions of Georgia, development and implementation of various business projects, combining and employing the technical, financial and human resources of the Association and its member organizations. Through the association network, provision of local SMEs with large scope of consulting, training, informational, technical and other sorts of assistance and services.

GDCI's main objective is to introduce the best management practices into Georgian companies. The experienced team of consultants offers consulting and training services in food safety and quality management areas based on the requirements of relevant international standards (ISO 9001, ISO 22000, ISO 14001, OHSAS 18001). BCOs in different regions of Georgia with the financial support of international donors (Mercy Corps, Caritas, COBERM, Czech Development Agency, CHF in frame of the USAID funded GELS program, HEKS EPER, UMCOR, ICCC and many other), conducts consulting and training services in extension, business plan development and other useful areas for SMEs. However, these services are not permanent, which makes hard for majority of SMEs to benefit from those services.

List of Training providers, providing, non-degree courses, consultancy and other service to SMEs, or financial institution is provided below:

List of providers:	Open Training Programs (Yes/No)	Special programs for SME (Yes/No)	Consultancy (yes/no)	Donor funded projects (Yes/No)	Grade
CTC	Yes	Yes	Yes	Yes	4
GBTC	Yes	No	No	Yes	3
GBDC "Caucasus"	No	Yes	No	Yes	2
Intellect Center	Yes	Yes	Yes	No	3
V&J Center	Yes	No	No	No	2
TBTC	Yes	No	Yes	No	2
ABCO Georgia	No	Yes	Yes	Yes	4

BCC (Dusheti)	No	Yes	Yes	Yes	3
BCC (Borjomi)	No	Yes	Yes	Yes	3
GDCI Consulting	No	Yes	Yes	Yes	4
BCC (Zugdidi)	No	Yes	Yes	Yes	3
BCC (Batumi)	No	Yes	Yes	Yes	3

Source: Data collected by Levan Gogoladze via direct contact or phone conversation with listed institutions

ENTREPRENEURSHIP CENTERS, SME DEVELOPMENT AGENCIES, BUSINESS ASSOCIATIONS

There are number of entrepreneurship centers, SME development agencies and business associations. Key players in this area are:

SME ASSOCIATION

It is worth to mentioning establishment of SME association in September 2010 through initiative of Business association of Georgia. Its objective is to lobby the interests of discriminated SME sector, improve communication between SME sector and government and create better access to banking loans and to promote this sector ultimately. SME association already offers several services to its members including to help in business planning, legal service, crediting business, marketing, out-storing, accountancy, training etc. They already have about 100 members.

BUSINESS CONSULTING CENTERS IN REGIONS

These centers are in the network Association of Business Consulting Organizations of Georgia (ABCO) and Association of Young Economists of Georgia (AYEG), which are capable to organize and provide consulting services through its partner organizations in different regions of Georgia, especially in Adjara, Guria, Samtskhe -Javakheti and Kvemo Kartli regions. These centers were established with the help of international donor organizations. They provide similar activates, since their foundation have had one common objective – to support the overall upswing of local entrepreneurship, proper development of the existing enterprises and by increasing the knowledge and experience of local SME managers, help the entire private business sector of regions in Georgia to reach a new qualitative level.

List of areas, these business centers do support SMEs are:

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- General business consulting to local enterprises;
- Business planning and investment planning;
- Company restructuring and development;
- Specifically tailored training workshops for start-ups;
- Human resource development;
- Strategic planning;
- Feasibility and pre-feasibility studies;
- Market studies and industry surveys;
- New product development and promotion;
- Economic strategy development and regional studies;
- Agriculture sector survey and analysis;
- Support and development of agricultural projects;
- Consulting on issue and monitoring of small loans and small grants;
- Wide scope of business - training courses, workshops and seminars;
- Specifically tailored training workshops for business centers, credit unions and similar business service agencies;
- Facilitation to creation and development of Community Based Organizations (CBO's), Associations, Cooperatives and other entities - support of the community beneficiary business projects developed by these organizations;
- Management and monitoring of various business development projects funded by international donors.

List of entrepreneurship centers, SME development agencies, business associations who offer advisory services or training to SMEs is provided below:

List of providers:	Regular Training Programs (Yes/No)	Consultancy (Yes/No)	Donor funded projects (Yes/No)	grade
SME association	No	Yes	Yes	4
Small & Medium Enterprise Development (Smeda)	No	Yes	Yes	3

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Business Support Center "BSC-Kutaisi"	No	Yes	Yes	3
Gori Business Center (Gori)	No	Yes	Yes	3
Signagi Agro-Business Center (Tsnori)	No	No	Yes	3
Akhaltsikhe Business Center "ABC"	No	No	Yes	3
Martvili Agro Service Center.	No	Yes	Yes	4
Association "SAMANI" (Samtredia)	No	No	No	2
Akhaltsikhe Rural Service Center "ARSC"	No	No	Yes	3
Guria Agro-Business Center (Ozurgeti)	No	No	Yes	3
Business and Legal Development Center (Chiatura)	No	No	Yes	3
Small Business Development Center (Zestaphoni)	No	No	Yes	3
Association "AMAGDARI" (Tbilisi)	No	No	Yes	3
Rustavi Business Center	No	No	Yes	3
Akhalkalaki Business Center	No	No	Yes	3

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Marneuli Business Center	No	No	Yes	3
Union of Employment and Small Business Development (Telavi)	No	No	No	3
Svaneti Business Center (Mestia)	No	No	Yes	3
Georgian Farm Products Production and Promotion Agency "GFPA" (Tbilisi)	No	No	Yes	3
Association Caucasus Genetics (Tsnori)	No	No	No	2
Akhgori Business Support Center	No	No	Yes	3
The Chamber of Development of Small and Medium Enterprises (Poti)	No	No	Yes	3
AYEG Heaf Office (Tbilisi, Mtsketa - mtianeti, Rustavi)	No	Yes	Yes	3
AYEG Heaf Office (Imereti-Racha regions)	No	Yes	Yes	3
Georgian Rural Development Fund (Shida Kartli Region)	No	Yes	Yes	3
Kakheti Chamber of Trade and commerce (Kakheti Region)	No	Yes	Yes	3
CDIC (Poti and nearby municipalities)	No	Yes	Yes	3

Erani (Samegrelo Region)	No	Yes	Yes	3
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Source Data collected by Levan Gogoladze from SME association, AYEG and ABCO Georgia

FINANCIAL ADVISORS, MANAGEMENT CONSULTING AND ACCOUNTING FIRMS

This segment offers advisory service to business sector in accounting, auditing, asset appraisal, taxation, feasibility study, valuation service, due diligence, risk analysis and allocation, investment analysis. There are a few financial advisors, management-consulting firms, and many accounting firms in Georgia. Although range of services they provide is quite large, these firms are concentrated in Tbilisi and access of them in regions is limited. Moreover, considering the price of such services, SME hardly uses them unless it is done under some of the SME support projects financed by donor organizations.

Profile of each company is provided below:

SEAF (CEED) is small enterprise assistance fund office in Tbilisi. It is a global investment firm focused on providing growth capital to businesses in emerging markets. It finances and provides technical assistance to enterprises in expertise, capacity building and networking. SEAF (CEED) focuses on long-term growth-oriented investments in growing and dynamic small and medium size enterprises. The Fund focuses particularly on businesses operating in the regions beyond Tbilisi and those operating in agribusiness and tourism – two sectors with significant growth potential in Georgia. Up to date, It has already invested 30 million USD in 20 Georgian enterprises.

EBRD BAS program helps financially constrained enterprises in consultancy services. Their priorities are enterprises outside the capital city, projects aiming to improve environmental management and energy efficiency, projects aimed at promoting women in business.

Caltrider advisors is a strategy and development consulting firm, providing management consulting, investment facilitation and market intelligence to companies, in private sector activities, it provide business development advisory services to firms achieve growth and profitability. Currently, it is mainly focused on providing industry analysis, analytical publications and trainings.

Geo Audit & Consulting Company (GACC) provides accounting and assurance services, management and information technology consulting, and tax advisory services to businesses, and donors sponsored organizations. GACC provides services specifically tailored to any particular situation with a core team with the appropriate experience drawn from team's practice. GACC is a member of Crowe Horwath Business Alliance Associate, which is ranked among the top 10 global accounting networks with more than 140 independent accounting and advisory services firms with 590 offices and 28,000 professionals and staff in more than 107 countries around the world.

BCC group is advisory firm, focusing in legal, marketing and audit services. Its priority is to provide service to medium sized enterprises and financial institutions.

Business Management Bureau is management consulting company which operates in Georgian as well as Trans-Caucasian (Armenian, Azerbaijani) market in banking, finance, business and legal issues. They provided consulting into drafting tax and customs codes, legislation and regulations for Georgian commercial banks, credit unions, micro-financial institutions, audit companies, insurance companies and securities brokerages. Their diversified knowledge, work experience in private and state sectors, unique mixture of familiarity with local and western cultures are the basis for providing customers with professional and diverse services.

List of Financial advisors, management consultants and accountants who offer advisory services or training to SMEs is provided below:

List of providers:	Donor funded projects (Yes/No)	Consultancy (Yes/No)	Special programs for SME (Yes/No)	Advisory service (Yes/No)	Grade
SEAF (CEED)	Yes	Yes	No	Yes	4
EBRD BAS program	Yes	Yes	Yes	Yes	4
Caltrideradvisors	No	Yes	Yes	Yes	4
Geo Audit & Consulting Company	No	Yes	No	Yes	3
BCC group	No	Yes	No	Yes	3
Business Management Bureau	No	Yes	No	Yes	3

Source Data collected by Levan Gogoladze via direct contact or phone conversation with listed organizations

KEY FINDINGS

- The Georgian Small and Medium Business environment can become more advantageous by increasing awareness of local degree programs, training courses and consultancy.
- The Georgian Small and Medium Business environment can become more advantageous by increasing capacity of training and consultancy at regional level.
- SMEs are not financially able to pay for education, training and consultancy service.
- SMEs are not properly informed about the value, they can get through trainings and consultancy.
- Existing curriculum of degree programs as well as training programs do not correspond to the needs of SME.
- Providers of high education, trainings and consultancy are not proactive enough to attract SME clients

CONCLUSION 1

Need to create effective mechanisms for the development of the regional excess of SME to business training programs and consultancy.

RECOMMENDATION

- Pursue advocacy and influence decision makers at both private and government sector to make SME education, training and consultancy key element of the SME development.
- Support local education institutions, training centers, consulting companies to develop/redesign curriculum of programs to contemporary standards and SME needs in:
 - The model of market for agrarian production – market as a place of exchange and value chain principles, quantitative (market size, potential, growth, perfect competition) and qualitative (portray customer) description of the agrarian market;
 - Product and price – understanding of product and agrarian product differentiation, price perception, tools for price formation /pricing in context of agrarian market;
 - Sales forecast – tools to estimate sales based on previous data or data from observation of another agrarian producers;
 - Sales promotion and bargaining – different tools, tips and tricks to reach target customer, bargain and negotiate deal with bigger buyers (agrarian re-processor, food store, food retail chains, etc)
 - Production process and schedule – how to design live farming production cycle, schedule production and subordinate labor and inventory schedule to this plan;

- Production capacity and capacity management – how to define capacity (farm land, pigsty, etc) needed for business and estimate their throughput;
- Supply management – different models of supply management (live stock management, food management, veterinary chemicals, etc), tools and tips to establish reliable and cost-effective supply for micro-business;
- The people in the micro-enterprise – how to distribute job and duties within small group;
- Meaning of quality and quality control, food security requirements and regulations;
- Basics of budgeting – tools how to prepare pro-forma statements for live farming (income statement budget, balance budget, cash flow budget);
- Basics of cost volume analysis and investment analysis – the very basic tools and models how to assess investment and decide whether to go with this decision.
- Extensive TOT programs for local existing and prospective trainers/instructors
- Technological capacity of small enterprises, ensuring that they are able to access and make use of any technology which could benefit their business
- Successful e-business models and top-class small business support – encouraging and enabling small enterprises to make the most of new opportunities in this areas

CONCLUSION 2

Limited access to training consultancy and capacity building hinders SME's development.

RECOMMENDATION

Increase capacity building, training, access to finance, and related follow-up actions. (Quality and quantity).

CONCLUSION 3

For neither institutions, nor training and consulting centers SME market is not priority. Accordingly, they do not meet high degree of standards.

RECOMMENDATIONS

- Establish a committee composed by key partners directly involved in strategy implementation (Donors, Implementers, Experts, and Coordinators).
- The coordination unit should work out plan for curriculum development/enhancement.
- The coordination unit should coordinate overall program implementation, actively be involved in the monitoring process of curriculum development.
- Facilitate institutional capacity building of partner organizations in the areas of financial, managerial, entrepreneurial and technical.
- Follow-up to training and consultancy should be provided

ANNEX A: INTERVIEWS CONDUCTED

Name	Position	Company
a. Revaz Ormotsadze	Activity Manager	USAID EPI Project
b. Stephen Wade	COP	EPI
c. Irine Salukvadze	DCOP	EPI
d. Zurab Gvasalia	President	Association of Banks of Georgia
e. Iuri Lebanidze	Director	Microfinance Institutions Association
f. Nana Mikashavidze	Director	Leasing Association of Georgia
g. Kakha Khokhreidze	Deputy director	SME Association
h. Devi Khechinashvili	Director	Georgian Insurance Association
i. Nugzar Skhirtladze	Vice-President	Caucasus University
j. Nino Aladashvili	Dean of Business School	Free University
k. Ilyas Chiloglu	Dean, Business Administration	International Black Sea University
l. Elene kharabadze	Dean, department of Economics and Business	Tbilisi State University
m. Nikoloz Bitarishvili	Project manager	ILia State University SME unit

MAP AVAILABILITY OF FINANCIAL BDS SERVICES IN GEORGIA

Name	Position	Company
n. Akaki Kiknadze	Advisor	EBRD BAS program
o. Emet Mohr	COP	USAID Education Project
p. Irina Khantadze	Director	CTC
q. Konstantin Zgenti	President	ABCO Consulting
r. David Shervashidze	Advisor	SEAF/CEED

ANNEX B: BIBLIOGRAPHY

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Website of Association of Young Economists of Georgia (AYEG) at www.economists.ge

Website of The Association of Development and Support of Microfinance Organizations of Georgia www.miso.ge

EPI Sectors Assessment Report

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