

Promoting a National Reform Agenda in Georgia

Nino Elizbarashvili

Georgia attained independence in 1991 and, despite attempts to return the economy to a discredited socialist model, the country moved quickly toward a market-based system. Unfortunately, the quickness of the transition opened a clear view of the country's widespread poverty and its many social and political problems. It is against this chaotic backdrop that many women established businesses in an effort to survive the transition.

The initial impact of economic change on Georgian women was higher levels of unemployment. About 78% of university-educated women were unemployed, and 60% of surveyed families received less than 25 lari (approximately \$12.50) per month—not enough to buy bread for an average family. A national survey revealed that 80% of the population was living in poverty. Most of the women who attempted to start businesses (primarily in the retail sector) were low-income and lacked the basic skills to properly organize, manage and develop small operations. They also had little access to technical assistance in areas such as legal matters, taxation and accounting. Of women-owned businesses begun during this period, 47% closed within a short time.

The Georgian Association for Women in Business (GAWB) was established in 1993 to address this situation and to play an active role in the economic development of the country. GAWB recruited women volunteers to help pro-

vide information, networking opportunities and training programs for other women entrepreneurs. The association offers specific guidance in the areas of modern business theory and in practical issues such as day-to-day management, marketing and the development of business plans. Special attention was given also to the study of laws regulating business in Georgia.

It is very difficult to start a business in a country that lacks the experience or tradition of private enterprise. It requires training in all areas. One of the first problems to overcome is finding qualified trainers. To fill this "information vacuum," GAWB requested assistance from countries experienced in these matters. The International Executive Service Corps provided foreign experts who shared their knowledge and experiences with us—not just women but all people in Georgia who wanted to learn the basics of doing business. GAWB also sponsored lectures in all six regions of Georgia.

GAWB also participated in CIPE's 1997 international conference in Washington DC on ways to strengthen women's business organizations. This unique conference and CIPE's subsequent financial and technical assistance during the last two years have greatly helped GAWB expand its activities. As a direct result of CIPE's training programs in Tbilisi and other regions, GAWB has increased member services and fundraising so that members are em-

Nino Elizbarashvili is the President of the Georgian Association for Women in Business and Chair of the Foundation for Women Business Owners.

powered to play a more active role in influencing Georgian public policy.

GAWB members now have the skills and technical expertise necessary for the effective management, administration, and operation of an independent business association. Consequently, the membership of GAWB has increased from just 15 at its inception to over 350 women located throughout the six regions of the country, including many women from regional organizations. CIPE has also helped create a powerful resource with the Georgian language version of the publication *Economic Reform Today*, which highlights business items relevant to transition economies and serves as a textbook for businesswomen as well as the entire business community. CIPE has also been instrumental in sponsoring the economic bulletin, *Business Herald*, published by GAWB, which offers practical and theoretical advice on business issues and encourages women to share their experiences with startup businesses.

Creating sound finances

In addition to income from training programs, GAWB continues to seek other sources of income by creating small enterprises with the help of international organizations such as the United Nations Development Program (UNDP), Save the Children, USAID, the Norwegian Refugee Council, the British Know-How Fund, and the governments of Germany and Canada. Such enterprises include dry-cleaning, tailoring, shoe repair, printing, and craft works. These activities have improved our financial stability, provided a training "laboratory" for our members, and allowed us to expand the activities we can offer. Twenty percent of the profits from these GAWB-affiliated services goes to the development of the organization.

Research findings

One of GAWB's most important activities is research into the problems encountered by women entrepreneurs. Although the number of businesswomen

is increasing, they are primarily involved in small- and medium-scale businesses. A survey (completed with UNDP assistance) of 254 women entrepreneurs from nine cities and towns provided important information about women and their activities. The majority of women in business (65-70%) has higher and secondary education. The survey also showed that two-thirds of businesswomen are married and the average family has two children. In general the women are employed in enterprises that are owned by women, and most of the respondents are involved in the service sector and in the retail trade (75-80%).

The main obstacles faced by women are the high levels of corruption, bureaucratic barriers, lack of access to financial credit, and difficult taxation policies. However, the majority of women in business (60%) is quite optimistic about the future. They believe the country's economic situation will improve in the next two to three years.

GAWB plans to address these concerns by helping to write legislation that reduces corruption and bureaucratic obstacles as much as possible. We will arrange roundtables with government and parliament representatives to highlight the negative impact of corruption on business. Further, we are preparing special issues of our economic bulletin *Business Herald* and the Georgian *ERT* that will focus on corruption and bureaucratic obstacles. We also are pushing for tax code reform and we publicize the lack of access to credit experienced by businesswomen and the importance of redressing that imbalance.

GAWB actively promotes business training throughout the year and courses are taught in Tbilisi as well as the



Photo: David Iakobashvili

other regions of Georgia. Each person receives practical and theoretical instruction in a classroom setting as well as private consultations.

The backbone of GAWB's business development program is the Business Incubator, a twelve-month training program for 150 women at the association's headquarters. With grant support from overseas organizations, the cost to attendees is minimal: the first six months are free, with a reduced fee charged for the remainder of the course. Our training center has many experienced professionals who deliver a structured series of lectures to women interested in owning a business or working for other businesswomen.

Training entrepreneurs

The small enterprises GAWB has established are designed both to help women obtain business skills and to generate income for women facing economic hardships. Attendees of the training program are given pragmatic advice drawn from GAWB's experience in running these businesses and have access to information on all issues relevant to running a small business. The course instructors teach participants what they have to do and how to do it, including that most important skill—how to write a business plan.

The Business Incubator serves another function: it's an intermediary between suppliers and customers. The association has data about products and raw materials in different sectors and geographical areas, and facilitates the exchange of this information among interested parties and businesspersons researching local markets.

Recent legislation has created new requirements for entrepreneurs to register as legitimate businesses. It is the task of GAWB to help them meet these requirements and still be competitive in a free market economy. It is well known that startups and small businesses find it difficult to be competitive so GAWB and organizations like the chamber of commerce must work together to help women entrepreneurs maximize their

full potential.

International trade education

GAWB is also working to assist women in taking their place in the international marketplace. To that end, in September 1999 the association offered a special course in international trade, with the following areas of focus:

- provide participants with materials on international trade topics;
- identify and promote foreign investment opportunities;
- contact the major international lending institutions;
- acquaint participants with the Chambers of Commerce in Georgia;
- review current and potential legislation in Georgia that affects international trade relations;
- provide information about foreign direct investments; and
- study the impact of international trade legislation and the advantages of WTO membership.

Government and women in business

A necessary feature of a successful market economy is a sound legal framework that simultaneously ensures majority rule, encourages individual initiative and respects the civil and property rights of minorities. Without such a framework, it would be difficult to sustain a healthy private enterprise system, and nearly impossible to develop the economic interests of historically disadvantaged minorities such as women entrepreneurs. The legislative process should also represent fairly all of the various constituencies.

In this regard, the representation of women in general, and businesswomen in particular has thus far been inadequate. For example, the number of women decisionmakers within the government and parliament (16 out of 250 representatives) is quite low. For this reason, GAWB decided to form a separate entity last year, the Foundation for Women Business Owners (FWBO), which can lobby the government more

effectively and take a more active role in the legislative process, particularly regarding women's rights and women's enterprises. The group, based in Tbilisi, now has 35 members.

Joining forces

FWBO was established after the completion of a joint GAWB-UNDP survey of the problems and needs faced by women in business. The survey results highlighted the unique situation of businesswomen in Georgia, and suggested the need for women's business centers throughout the country. The goal was to create an umbrella organization that includes all women's business groups. This larger entity can more effectively represent the growing number of women entrepreneurs, strengthen their presence in government, parliament and international trade, as well as increase the level of services available to them.

One important issue that FWBO has addressed is the availability of credit to businesswomen. Fortunately, support from the Norwegian Refugee Council has helped begin a program that provides micro-loans to women entrepreneurs in the Tbilisi and Kartli regions. This kind of forward thinking is just one result of our cooperation with such international organizations as the East-West Women Network, the USA-NIS Women's Consortium, the World Bank Institute, and the Fellowship of Business and Professional Women International Federation.

Looking to the future

GAWB has overcome many difficulties associated with the start-up phase and has identified six comprehensive goals to be met by the end of year 2000:

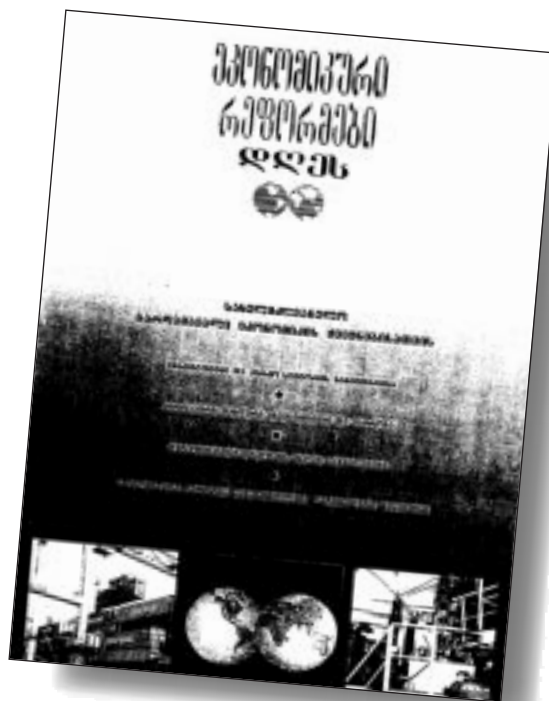
- Continue to encourage members to increase their awareness of government activities by reading the monthly bulletin, by participating in roundtable discussions between government and members, and by promoting economic reforms through the power of the democratic vote.

- Continue to provide training on business issues, computer skills, English

language, as well as provide individual consultations with qualified staff.

- Enlarge the Business Incubator to include food catering, a wellness center, and a silk project. Trainees will be certified or licensed upon completion of their apprenticeship.

- Increase the frequency of its publications such as *ERT* and the monthly



bulletin, and provide for the translation of other relevant books and documents.

- Offer loans and develop guidelines for management by objective.

- Create businesswomen's centers in six regions of Georgia staffed by highly qualified personnel capable of providing training and consultations, conduct "train the trainers" workshops, create and maintain mini-business incubators, and help members secure loans, grants and lines of credit.

Such goals are ambitious but definitely within reach. Given our successful track record we are confident of the future and our ability to help not only the women of Georgia, but the country's overall economy as well. 🌐