Private Sector Development and TVET in South Caucasus

„Skills for Business“ – Vocational qualification for sustainable economic development

Commissioned by: German Federal Ministry for Economic Cooperation and Development (BMZ), European Union (EU)
Partners: National ministries of economy and education, downstream institutions at local, national and sectoral level; business associations, business service providers and selected companies
Current commission: 04/2017 – 04/2020
Budget: EUR 14,08 million (including EUR 1.98 million EU cofinancing)
Countries: Armenia, Azerbaijan, Georgia

Challenges
The countries of the South Caucasus face the challenge of achieving inclusive growth that can narrow the urban-rural gap and reduce the risk of poverty, especially in rural areas. In order to promote growth in sectors relevant for the labour market, like tourism and wine, providing a skilled labour force trained to meet labour market needs is essential. The preconditions for achieving this goal, stronger involvement of the private sector and practice-oriented vocational education in particular, are not yet in place.

Objective
The objective is to improve the preconditions for sustainable economic development in selected sectors relevant for employment. The focus is on economic sectors with high relevance for employment in rural areas and for young people and women.

Our approach
The regional exchange academies provide a platform for sector-specific learning, professional exchanges and continuous cooperation on joint projects on national, regional and sectoral level. A total of 80 participants from partner organisations from the selected sectors across the three South Caucasus countries took part in expert input exchanges, thematic workshops and field trips, and worked together to devise joint action plans for implementing improvements. The identified measures were then implemented in each participating country.

Activities
The programme’s actions focus on selected economic sectors and three fields of activity: (1) building capacities that can improve the competitiveness of employment-relevant sectors, by promoting inclusive business models; (2) improving selected dual-oriented technical vocational education and training offers, and (3) strengthening regional and international professional exchanges in the areas of private sector development and dual-oriented technical vocational education and training. The main focus is on capacity development to strengthen small- and medium-sized enterprises in sectors relevant for employment as well as new and adapted service and technical vocational education and training offers. Sectoral cooperation and cluster/network formation is promoted in order to better linkup regional and international sectoral organisations and corporate networks.
Private sector development

300 providers of tourist accommodation and hotel managers in the touristic regions Anaklia and Upper Racha are now offering improved services (such as expanded lodging capacity, customised meals for international guests) as well as new services (sale of souvenirs). As a result of these improvements, 80% of the participating guesthouses have hired additional staff.

25 pottery workshops and wine producers that use the traditional clay amphora Qvevri have joined forces in a cluster to upgrade the quality of their products, to improve marketing and to develop wine tourism. They are now successfully exporting to the EU.

Vocational training

Eight companies and two vocational schools are offering 30 new student spots in a new dual training course for winemakers. 50% of the training is delivered in-company. The training course was developed in collaboration with the Bavarian State Institute for Viticulture and Horticulture in Veitshöchheim, and accredited by the National Centre for Education Quality Enhancement. Three dual education programmes in the tourism sector have been accredited (cook, restaurant specialist, hotel specialist).

In five tourist regions across the three countries, more than 400 micro and small businesses have seen their turnover increase and the number of overnight stays rise, as a result of improvements in service provision and joint marketing strategies.

Winemaking has an 8,000-year tradition in Georgia, with over 400 different grape varieties. While large producers primarily utilize conventional methods, many small winemakers still rely on traditional techniques such as the clay amphora called “Qvevri”. This production method was labelled an “Intangible Cultural Heritage” by UNESCO. With support of the Private Sector Development and Technical Vocational Education and Training programme, 25 producers of Qvevri wine and clay amphoras joined to form a cluster, in order to improve the quality of their products, promote Qvevri wine and develop wine tourism, as well as strengthen their EU exports. Members of the cluster were able to increase their turnover by 121% and their export by 68%. In the frame of the EU-cofinanced project for the development of small and medium enterprises, the “Deep and Comprehensive Free Trade Area (DCFTA)”, the successful cluster approach is being adapted for other economic sectors, such as the textile and furniture industries. Clustering helps companies to meet the standards of the EU market and link up with national and international networks.

26 business service providers (e.g. chambers of commerce, associations, business development agencies) in the South Caucasus offer new or improved services (like consultancy or trainings) to more than 1,500 companies – with growing demand.

In Armenia and Georgia, SME strategies have been developed and agreed upon, in cooperation with the OECD’s Eurasia Competitiveness Programme and with the involvement of business associations and on the basis of specific analyses.

In five tourist regions across the three countries, more than 400 micro and small businesses have seen their turnover increase and the number of overnight stays rise, as a result of improvements in service provision and joint marketing strategies.

467 managers and teachers from technical vocational education and training institutions across the South Caucasus received trainings in management, pedagogy, didactics, and/or dual-oriented vocational education.

46 adapted or new professional qualifications (like electric welder, cook, and winemaker) are offered by 147 education providers in the South Caucasus.

70% of the participating companies in selected value chains (e.g. beverage, wine, tourism, construction) that introduced new or improved management approaches show improved business performance.