

Brief description of the State Employment Program

This program provided for the training of registered unemployed persons in basic entrepreneurial knowledge and skills. At the same time the program also included provision of support of those already established businessmen who intended expansion of their operations and therefore planned to create new job positions within their enterprises. For those entrepreneurs the program envisaged delivery of specific consulting services.

A number of registered unemployed persons, selected through testing, were provided with a 9 day training course in business planning during which they were trained on the following topics: *Legislation of Georgia – Tax Code, Law on Entrepreneurship of Georgia, various other legislative acts; Understanding of Business planning; Marketing, Customer Service, General Management, Financial Planning and Financial Management, Negotiation Skills, Presentation Skills.*

On the last day of the training course participants went through post-training tests and their proposed business ideas were evaluated. Those participants, who successfully passed the testing and whose business ideas were considered as feasible and perspective, continued on the second stage of the program.

At the second stage of the program, each of the participants were rendered individual consulting, during which they, together with and under direct supervision of consultants, collected information necessary for development of their business plans, studied potential market for their projected products, elaborated the product distribution system, marketing plan and advertising policy, made financial calculations and thus prepared the final versions of their business plans. The duration of the business plan preparation period continued approximately during 50 days.

Simultaneously, consulting services were provided to those entrepreneurs as well, who prepared business plans within the framework of the state program for the "Facilitation of Social Security and Employment of the Unemployed".

At the stage of loan allocation and project implementation, consulting was provided for both established businessmen (mentioned above and considered within the scope of the program) and to former unemployed persons starting their business operations.

Within the scope of the program, a 9 days long training in business planning was delivered to officers of the State Unemployment Service. The training program was generally similar to that described above, with certain specific emphasis made on the evaluation of business projects.

During the training process included application of various visual materials, open discussions, case studies and exercises based on realities of local business environment and international business practices.

In addition, training participants were provided handed with business plan preparation work-books by which they step by step prepared their business plans during the training course and the subsequent stage.

Those unemployed persons who successfully completed the second stage of the training program, elaborated the finalized version of their business project plans with assistance from ABCO consultants and by their recommendation, applied for loans to The Bank of Georgia participating in the project..

Conditions of the bank loans for the successful project participants were the following: the loan was allocated in GEL for a period up to 2 years. The annual loan interest rate was 30%. The maximum amount per one unemployed person equaled to 6,000 GEL. The allocation of "group loans" was also possible. From the total sum of 6,000 GEL, grant component made up to 40% (2,400 GEL).

It is to be mentioned that the grant component was not handed over to the recipient at the initial stage of the project but was put aside (allocated) on a special account. The program participant was awarded the total of 6,000 GEL comprising of 3,600 GEL of the loan sum (at 2,5% monthly interest) and plus 2,400 GEL from the bank's own financial resources as loan with 0% interest (i.e. for which the participant was not to pay interest).

From the grant amount of 2400 GEL, 400 GEL were targeted to covering of the business and health insurance costs of the recipient and his family members as well as for covering the loan guarantee sum. The remaining amount of the grant component (2000 GEL) was allotted for covering the loan interest as certain portion of the loan principal. Upon completion of the project, the remained portion of the grant component sum was given to participant entrepreneur as a bonus.

The applicant obliged to submit the collateral from the own resources, which equals to 36% of the total loan sum.