

# Private Sector Development and Vocational Education and Training in the South Caucasus

**Commissioned by:** German Federal Ministry for Economic Cooperation and Development (BMZ), European Union (EU)

**Partner organizations:** Armenia: Ministry of Economy and Ministry of Education, Science, Culture and Sports; Azerbaijan: Ministry of Economy and Ministry of Education; Georgia: Ministry of Economy and Sustainable Development and Ministry of Education, Science, Culture and Sport

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**Budget:** EUR 46.380.000 (including EUR 20.780.000 EU co-financing)

**Countries:** Armenia, Azerbaijan, Georgia



Fostering employment through SME Development and vocational education and training



## Armenia

Wine Cubes are a new business model in wine tourism in Armenia based on the *farm-to-bottle* concept. Nver Mnatsakanyan and his wife Narine are the owners of the Momik Wine Cube, a unique wine tasting facility in Areni village in the Vayots Dzor region.

**"We are so grateful to GIZ and all the partners within this large cooperation project - One Armenia NGO, vinification service provider Wine Works, tour operators and other international donors - for the contribution and technical support. Thanks to their efforts, we went from selling grapes to having our own brand, Momik wine, and a tasting room. Of course, my wife and I were planning to expand our vineyard long before this project, but it was GIZ and partners' support that made it possible for us to achieve the goal we had been working towards for years.**

**Besides, we have managed to considerably increase our homemade wine quality to be able to bottle and sell it in wine stores".**

Having hosted already 500 tourists as of 2019, the Wine Cube will serve as a model for other wine tasting rooms in further wine tourism destinations in Armenia.



## Azerbaijan

Women in Azerbaijan are traditionally considered as caretakers of children and responsible for household chores. When economic conditions and high costs of living turn them into active job seekers, lack of education and training restrain women from finding decent jobs. Zarifa Mammadli was one of them:

**"It is hard to find a full-time job, especially when you only have a high-school diploma and lack any previous work experience like me. I am happy that I can earn money and help my family now."**

Zarifa is one of the 47 unemployed women who completed the three-month accredited greenhouse operator training in the company premises and received a full-time job offer after graduation.

In Azerbaijan, there are more than 3200 greenhouses. Because of its efficiency and profitability, this sector attracts more businesses every year. As a result, demand for skilled labour force increases:

**"With greenhouses stretched across an 80-hectare area, acquiring qualified workforce for the company seemed as the most challenging task to me. Therefore, I started to think about a way of creating it."**

says Heyran Javadli, human resource manager of AGRO-LAND-AZ LLC.

**"The availability of the accredited greenhouse operator training and close collaboration with the State Employment Agency enabled us to quickly and efficiently generate trained personnel".**



## Georgia

Nino Ioseliani has launched Colors of Caucasus, an environmentally and socially conscious eco-textile startup, with the strong conviction that the industry must not damage the environment in the name of fashion. In a picturesque suburb of Tbilisi, Nino and her mother, started experimenting with colouring natural silk with endemic plant-based and mineral dyes.

**"We have revived and modernize centuries-old traditional recipes. We started with 'Caucasian black' and 'Caucasian red' palette and are now trying out other color combinations and work on linen too."**

Colors of Caucasus is now a member of the sustainable apparel cluster - Georgian Apparel and Fashion Association (GAFA) - established with the support of the EU-BMZ funded Clusters4Development project. The project supported the presentation of 'Caucasian Sunrise', the first collaboration collaboration of Colors of Caucasus with acclaimed Georgian fashion designer Tamuna Ingorokva, at TRANOÏ Trade Show in Paris in February 2020.

**"Our participation in the trade show was a huge success. We received a lot of positive feedback and were able to establish new and promising business contacts. Being part of GAFA expands our network so much further and provides us with opportunities to connect, learn and prosper. Together with other Georgian apparel companies, we can contribute to develop the entire sector, because the association makes us more competitive and sustainable."**

## Challenges:

The three South Caucasus countries of Armenia, Azerbaijan and Georgia face low levels of competitiveness in their economies, a strong urban-rural divide and still significant poverty rates. Therefore, the three countries must foster economic growth that benefits the entire population.

Broad-impact and inclusive growth requires both competitive micro, small and medium-sized enterprises (MSMEs) as well as skilled workers trained in line with private sector needs. However, many companies are uncompetitive because they lack a well-trained and skilled workforce. This is often the case in sectors offering high employment potential in the South Caucasus, like tourism, wine, construction or logistics. Furthermore, state support structures are not sufficiently experienced to design the required framework conditions for MSMEs. In brief, there is a lack of a future-oriented range of services and vocational education and training is not meeting the needs of the labour market. Educational and professional trainings do not involve the private sector in a targeted way and are not geared towards practice.

## Activities:



## Selected Results and Impacts



More than 14 guidelines regarding private sector development and dual-oriented TVET have been revised for higher growth with employment impact



More than 1100 young people have participated in long-term dual-oriented programmes



In selected sectors relevant for employment, 5 practical training measures have been implemented in the areas of green economy and VET in the three countries



In the MSME sector and VET, 6 new or enhanced cooperation projects have been established between businesses and between companies and public institutions



460 teaching and management staff have been qualified so far, including 240 women and/or young people



In regional exchange formats, representatives from public and private sectors come together to work on approaches in private sector development and VET



More than 460 entrepreneurs make use of jointly developed and introduced VET offerings and advisory services. Over 75% confirm an improvement in their labour market relevance



More than 28 new or improved professional qualifications and trainings such as electric welder, cook, and winemaker have been introduced in the South Caucasus

This project contributes mainly to:

