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ASSISTANCE TO THE GEORGIAN INSTITUTE FOR SCIENTIFIC AND TECHNICAL  
INFORMATION (TECHINFORMI)

SI/GEO/96/801

THE REPUBLIC OF GEORGIA

**Technical report: Strengthen the capacity of the Georgian Institute for Scientific and Technical  
Information (TECHINFORMI) to provide information services to small and medium enterprises  
(SMEs)\***

Prepared for the Government of the Republic of Georgia by the United Nations Industrial Development  
Organization, acting as executing agency for the United Nations Development Programme

*Based on the work of Julie Carpenter, consultant in design  
and establishment of information services*

Project Manager: J. Pavlik, Industrial Information Section

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**Abbreviations**

BCC	Business Communication Centre
CD-ROM	Compact Disc-Read Only Memory
CIS	Commonwealth of Independent States
FSU	Former Soviet Union
FT	Financial Times
INTIB	Industrial and Technological Information Bank
LAN	local area (PC) network
NFP	national focal point
NGO	non-governmental organisation
SME	small and medium enterprise
SMEDA	SME Development Agency
TACIS	European Union Technical Assistance for the CIS programme
TECHINFORMI	Georgian Institute for Scientific and Technical Information
TOR	terms of reference
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
VSAT	very small aperture terminal (satellite facility)
WWW	World Wide Web (Internet)

## ABSTRACT

This is the Consultant's report for the Project SI/GEO/96/801/11-51 to strengthen the capacity of the Georgian Institute for Scientific and Technical Information (TECHINFORMI) - *Design and Establishment of Information Services for SMEs*. This report has been written following a three-week visit to Georgia (1-22 November 1996) by the Consultant, Julie Carpenter.

A number of visits to SMEs, government and non-governmental organisations were undertaken by the Consultant as well as extensive discussions with the Director of TECHINFORMI and staff. The Consultant undertook two training sessions with staff on business information provision and sources and assisted the Director in drafting a project proposal for further assistance.

TECHINFORMI was founded in 1959. Traditionally its main users were other science and technology information institutes, academic and research institutions within the Georgia and the FSU, and state industrial and production enterprises within Georgia and the FSU, seeking information on economics, industry (particularly food industries), trade, agriculture, technology transfer, standardisation, certification and patent searches (mainly Soviet). Many of TECHINFORMI's traditional sources of information, specialist contacts and publications have disappeared with the break up of the Soviet Union and the subsequent economic decline of the republics in the CIS. TECHINFORMI has also experienced significant changes in demand for its information services as well as in the kinds of organisation which require its services. Over 60% of all enquiries now originate from SMEs.

The Consultant makes a number of recommendations for short- to medium-term changes and strategies to facilitate the effective development of business information services. The Project Proposal drafted and appended to the Consultant's report targets the following issues:

- Internet connectivity; to enable affordable access to international computerised sources of information via the Internet.
- Purchase of essential business and commercial information publications in print or on CD-ROM.
- Information technology infrastructure improvements, to increase the efficiency and effectiveness of business information provision.
- New skills to match new information needs; related to information about competitive business environments.
- Improved printing and production facilities.
- Training and conference facilities for the provision of training courses and workshops in business development and the use of information in business for SMEs in Georgia.
- Cost recovery and sustainability in the medium- to long-term.

## SUMMARY OF RECOMMENDATIONS

- 1      **TECHINFORMI should investigate the possible value of international industrial information networks, such as UNIDO INTIB and UNCTAD services as sources of information on CIS countries.**
- 2      **TECHINFORMI staff which currently or in the future use the Internet must receive effective on-the-job training to become fully familiar with the content, quality and relevance of business information sources there.**
- 3      **TECHINFORMI staff should make more use of e-mail and WWW bulletin boards and newsgroups which are an increasingly rich source of informal information.**
- 4      **The provision of wider, background and "contextual" information on business development and markets should become a part of TECHINFORMI's mission.**
- 5      **TECHINFORMI must adopt a new departmental structure which reflects the new information provision priorities as a prerequisite to any Project funding and implementation.**
- 6      **More use should be made by TECHINFORMI of the Georgian embassies and national trade representatives in European and North American countries in promoting TECHINFORMI services, products and capabilities in business information.**
- 7      **The market research reports which TECHINFORMI compiles from time to time for foreign clients should be advertised abroad and made available at a realistic price.**
- 8      **TECHINFORMI should not ignore the need to collect and disseminate business information about local, Georgian markets, suppliers, retailers, etc.**

## INTRODUCTION

This is the consultant's report for the Project SI/GEO/96/801/11-51 *TECHINFORMI - Georgian Institute for Scientific and Technical Information: Design and Establishment of Information Services for Small and Medium Enterprises (SMEs)*. The Consultant, Julie Carpenter, visited Georgia from 1 - 22 November 1996. Annex 1 provides the Terms of Reference (TOR) for the consultancy visit.

During the first week of the visit the Consultant met with staff in all departments of TECHINFORMI which are involved in providing business and industrial information. The Consultant also visited 3 newly privatised enterprises and one small food production enterprise set up in the post-privatisation period. Two staff training sessions were completed: the first on business information needs of SMEs and potential sources of free or almost-free business information; and the second on previously unknown sources of business information on the Internet. Several strategies for the development and improvement of TECHINFORMI's business information services were discussed with the Director and senior staff, and this report (and Annex 3) summarises the Consultant's recommendations.

The Consultant also assisted the Director of TECHINFORMI in the preparation of a draft project proposal for possible further funding by foreign donors, to be considered by UNIDO: a copy of this draft is provided as Annex 4.

## 1 ACTIVITIES AND OUTPUTS

### 1.1 The situation at outset

#### 1.1.1 TECHINFORMI: current role and capabilities

TECHINFORMI is a state organisation responsible to the Ministry of Economy. It is one of several national information centres which serve government, research and academia and the general public in Georgia; others include the National Library, the Library of the Georgian Academy of Sciences. TECHINFORMI was founded in 1959 and was a part of the extensive network of science and technology information centres in the former Soviet Union (FSU), the activities of which were co-ordinated in Moscow. Traditionally its main users were other science and technology information institutes, academic and research institutions within the Georgia and the FSU, and state industrial and production enterprises within Georgia and the FSU. Its main areas of activity were the collection and dissemination of information from sources in the FSU and other areas of the world on economics, industry (particularly food industries), trade, agriculture, technology transfer, standardisation, certification and patent searches (mainly Soviet).

Many of TECHINFORMI's traditional sources of information, specialist contacts and publications have disappeared with the break up of the Soviet Union and the subsequent economic decline of the republics in the CIS. Dramatic loss of funding for the purchase of foreign publications relating to science, technology and industry has coincided exactly with Georgia's change of focus in all social and economic areas from concern with the scientific, technical and commercial experience of Russia and the republics of the FSU to that of Western Europe and North America.

### **1.1.2 Changing information demand**

TECHINFORMI has experienced significant changes in demand for its information services as well as in the kinds of organisation which require its services. These changes can be summarised as follows:

- increasing demand for international government and legislative information from state and other administrative organisations;
- increasing demand for international (and translated) industrial information, such as patents, licensing, technical regulations and industrial standards, from state-owned and private enterprises;
- increasing demand for business and commercial information (prices, company contacts, market information) from SMEs;
- a decrease in requests for scientific and technical information from research and academic institutes.

An analysis of total information enquiries received in 1995 (approximately 14,000 enquiries) reveals the following pattern:

- 31% enquiries about foreign and Georgian legislation
- 21% requests for company/enterprise addresses
- 15% commercial markets and price information
- 9% patents and licensing
- 9% general economics issues
- 5% standards
- 5% miscellaneous other
- 2% assistance with translations
- 2% enquiries about light industry
- 1% enquiries about agriculture and the food industry

### **1.1.3 Pressure to earn revenue**

The Government budget to TECHINFORMI is adequate now only to cover the costs of staff salaries (in common with all state employees, reduced by inflation and currency devaluation to below a living wage) and minimal running costs. To maintain and develop information services to non-governmental enquirers TECHINFORMI must adopt cost-recovery and revenue-earning strategies. The concept of information as a commodity which has a price, now generally accepted in Western Europe and North America, is not a familiar or easily accepted concept in Georgia (or elsewhere in the CIS). Even nominal



charges for information services which used to be free are difficult to levy; especially difficult when many of the enquirers are newly-privatised SMEs which lack the most basic funding sources. TECHINFORMI attempts to continue to provide basic assistance to all enquirers for minimal or no charge; it will find it easier to levy and collect realistic charges for new, information technology (IT) related, "value-added" services, if and when it is able to offer these.

## **1.2 SME development in Georgia**

### **1.2.1 The pace of privatisation**

The current process of economic reform in Georgia has resulted by mid-1996 in the creation of over 80,000 private sector small and medium enterprises (SMEs). Growth of the small business sector, dependent in part on financial, legislative and fiscal reform, and on political stability, is expected to underpin the country's economic revival.

### **1.2.2 The business environment**

These SMEs, the majority of which have been created from former State-owned enterprises and organisations, have suffered dramatic reductions in both their domestic markets, as the buying-power of Georgian organisations and individuals has plummeted, and their traditional markets in the countries of the FSU, as other CIS countries struggle with similar problems of economic change and regeneration. Most SMEs require investment capital to re-equip or to purchase raw materials in order to re-start production. Many managers of these enterprises lack the skills necessary to develop business strategies to suit a competitive economic environment or to identify market opportunities which are likely to attract such investment. Though fully aware that the integration of Georgian enterprises into the international business community will be essential to their survival, most SMEs lack commercial contacts outside the FSU and are uncertain how to obtain such information and advice in Georgia.

### **1.2.3 Foreign assistance to SME development**

EU TACIS has been the major foreign investor in the area of information and consultancy support to SMEs. Funding (1994-1996) provided by TACIS established the Business Communication Centre (BCC - Tbilisi) in TECHINFORMI to assist SMEs in the search for European partners and investors, to offer business contacts, logistical and communications support to local and foreign companies. BCC has enabled TECHINFORMI to set up an on-line connection providing limited access to the Internet and international computer databases.

TACIS has also established the SME Development Agency (SMEDA) in the Chamber of Commerce in Tbilisi, which provides business consultancy services, assistance in planning and financial management, market analysis and legal advice.

## 1.3 Business information requirements and sources

### 1.3.1 Information from the region and CIS

Many of the requests for information concern enterprise, industry and technology in countries in the Caucasian region, other CIS republics, Eastern European and Baltic states. TECHINFORMI's traditional science, technology and research counterparts in these countries are undergoing similar periods of severe underfunding, staff reduction and change in function. They are no longer able to provide the same range and quality of information outputs: commercial and enterprise information in most of these countries is not systematically collected or published as yet. Informal sources of information are beginning to appear (for example, on the Internet).

**TECHINFORMI should investigate the possible value of international industrial and trade information networks as information sources about the CIS countries.** The UNIDO INTIB Information Referral Service (on which TECHINFORMI is registered) could be exploited more effectively. TECHINFORMI might also consider becoming a national focal point for the UNCTAD Global Trade Point - see Annex 5 for details.

### 1.3.2 Information sources on the Internet

The diversity and volume of business, economic and market-related information available on the Internet increases monthly: much of it is freely available, though the market, commodity and price information usually requires registration and the payment of a fee on-line. Though these charges are often small enough to be affordable by TECHINFORMI or their clients, TECHINFORMI has no way of making a credit card or electronic debit payment in foreign currency.

Problems associated with business information sources on the Internet include

- the lack of quality control or authentication of information and data;
- the wide range and diversity of origin of information sources and providers makes it difficult, using WWW directories and indexes, to track down useful sources.

The Consultant provided TECHINFORMI and BCC staff with some directorial information about potentially useful sources of business information and discussed strategies for overcoming these problems. **If TECHINFORMI is to extend the use of Internet sources for business information, the staff providing information services must receive on-the-job training and become familiar with using WWW sources: their content, quality, relevance, the organisation of the business and related information available there.**

It is also necessary to review known and new sources on the Internet frequently as the nature of the information on offer changes continuously.

### **1.3.3 Other electronic sources of business information**

TECHINFORMI's access to the Internet, other on-line sources and current CD-ROM databases is currently restricted to the use of BCC facilities, although the small PC LAN in TECHINFORMI itself is about to get Internet connectivity. Costs of access to international business and market information databases, such as FT Profile, through the X25 database hosts (DIALOG, DATA STAR etc.) are prohibitive even for BCC (when funded by TACIS), since it must pass at least part of the costs on to its clients. TECHINFORMI itself maintains no current subscriptions to business information databases on CD-ROM.

**TECHINFORMI staff should make more use of e-mail and WWW bulletin boards, newsgroups and updating services: there are many of these relevant to economic and business issue and, though they are often "informal" sources, they are useful sources of current information.** The number of such bulletin services concerned with countries in Eastern Europe and CIS is increasing. Those staff in TECHINFORMI who have the necessary IT skills and regular access to e-mail and (shortly) the Internet should identify and circulate lists of bulletins and newsgroups which TECHINFORMI could sign up to *gratis*. The production and circulation of printed copies of items of interest from these bulletins and groups on a regular basis would do much to spread the benefits and value of IT-based sources among TECHINFORMI staff.

### **1.3.4 Background economic and market information**

TECHINFORMI staff also lack a wider range of background economic, market and social information about the countries of East and West Europe and North America which are likely to be markets of potential interest to Georgian SMEs. The problem arises because the institute has been unable to sustain foreign subscriptions to periodicals and journals, or to buy reference books which might inform both staff and clients about, for instance, the workings of the global free market economy, major sources of raw materials and commodities, the political, business and financial environment in other countries. Enquirers from SMEs seeking information on investors or companies outside Georgia often lack even the most basic understanding of operating in a competitive, international market. **TECHINFORMI staff should see the provision of wider "contextual" information for business development as part of their mission and should make efforts to inform themselves in these areas.** Suggestions on free or almost free sources of current background information are given in Annex 6 and include:

- trade literature from companies and suppliers abroad
- foreign newspapers, such as the Financial Times, Guardian Weekly, Herald Tribune;
- foreign embassies in Georgia
- Georgian embassies and trade representatives in Europe and North America
- international satellite television broadcasts, e.g. CNN

#### **1.4 Project proposal: Business Information and Other Services to SMEs in Georgia**

##### **1.4.1 Issues addressed**

The issues, identified by TECHINFORMI and the Consultant, which the Project Proposal should address include the following:

- **Internet connectivity:** adequate international telecommunications connections are lacking, to enable affordable access to international computerised sources of information via the Internet and X25 database hosts which can provide up-to-date global market and company information; local connectivity options are currently limited and expensive.
- **Purchase of essential publications:** TECHINFORMI's financing is inadequate to cover the costs of subscriptions to essential foreign business and commercial information publications in print or on CD-ROM.
- **Information technology infrastructure:** several projects assisted by foreign organisations have provided TECHINFORMI with some computer hardware and software to enable it to, for instance, develop local databases. However, the current level of access to, and expertise in using, information technology in those departments providing assistance to SMEs is very limited. A more extensive PC network (LAN) linking key departments, is required to enable swift intra-departmental and inter-organisational communications, database access from key information-handling departments and the pooling of information, and to increase the efficiency and effectiveness of business information provision.
- **New skills to match new information needs:** TECHINFORMI's current range of staff skills is not appropriate to meet the rising demand for business and commercial information. A programme of staff training, new skills related to information about competitive business environments and the restructuring of key departments for greater effectiveness are required.

- **Improved printing and production facilities:** TECHINFORMI disseminates much of its information in Georgia and abroad in the form of printed leaflets and publications, for which it maintains a semi-commercial printing department. These publications include printed directories, translations of legislation and market research reports. It is also developing services to SMEs to assist in the production of low-cost marketing materials. TECHINFORMI's print and production capability needs upgrading in order to be able to provide the quality of printed materials for its own productions and those of its clients which will meet international standards. There are no commercial printers in Georgia capable of sufficiently high quality production; material is currently prepared in Georgia but produced and printed in Turkey.
- **Training and conference facilities:** the provision of training courses and workshops in business development and the use of information in business are valuable assistance to SMEs in Georgia. TECHINFORMI has been involved in business training provision and conference organisation using Georgian and international experts for several years. Training and conference facilities in TECHINFORMI's own premises need renovation to make them usable and facilities elsewhere are poor: simultaneous translation equipment is required since international trainers and speakers are usually essential to cover gaps in Georgian experience; basic training equipment is in short supply and such basic items as an overhead projector are shared between several government institutions.
- **Revenue-earning requirements:** TECHINFORMI is under considerable pressure to raise revenue from its services to replace declining government budgets for its activities. However, most SMEs in need of basic business information and advice cannot at present pay the full cost of such information provision, creating a difficult dilemma for the institute. TECHINFORMI feels under an obligation as a national information provider to offer basic information services at affordable prices to all SMEs and strategies must be found to raise revenue from some services in order to subsidise the provision of basic business and industrial information.

#### **1.4.2 Cost recovery and sustainability**

The sustainability of the TECHINFORMI business information and other services to SMEs is viewed as a critical measure of the Project's success. To achieve sustainability in the medium- to long-term TECHINFORMI will have the following aims:

- to cover the recurrent costs of international telecommunications links through the development, during the Project years, of a substantial client-base purchasing value-added Internet and e-mail services;
- to set nominal charges for business information services to SMEs, with the intention of subsidising these services through other cost-recovery measures, and to review and alter these charges continuously as the economic environment in Georgia improves and the financial circumstances and information needs of SMEs change;
- to develop, promote and sell a range of fully-commercial business information products and database services internationally.

## **2 CONSTRAINTS ON THE DEVELOPMENT OF NEW SERVICES**

If foreign assistance is forthcoming TECHINFORMI is extremely well-placed to develop effective and valuable business information and training services for SMEs in Georgia, sustainable over the medium- to long-term and capable of change and adaptation as the economy of Georgia grows and enterprises become established. There are two possible areas of constraint.

### **2.1 Telecommunications and the local market for services**

Substantial investment is required to modernise the national telecommunications infrastructure. While local telephone lines are common, though inter-city and intra-city telephone connections are often uncertain, only a few organisations have access to reliable international telephone connections via satellite. Several private or semi-private companies provide e-mail services from Tbilisi. Only one private company currently provides Internet connectivity, charging high costs, and limited Internet access is available to academic and research organisations through a NATO satellite link. Costs are likely to become more competitive as more private Internet and e-mail service providers emerge, but high costs will prevail as long as international telephone links (terrestrial and satellite) are restricted. If TECHINFORMI is to become a provider of value-added Internet and e-mail services, capable of raising revenue to subsidise its other business information activities, it will undoubtedly have to compete with a number of private sector service providers for market share. Several assumptions are made about the Georgian market for Internet and e-mail services: that it will grow rapidly in the short- to medium-term as communication with the outside world is recognised as vital; that it will be substantial enough to sustain several service providers in a competitive environment. TECHINFORMI will itself need enterprise skills to survive and grow in this market.

### **2.2 Human resource development**

TECHINFORMI retains professional information service and research staff of high calibre and considerable dedication. They are responding positively to

the changes in information demand and user profile, despite the limitations imposed by lack of funds and facilities. The provision of business information and advice, however, is to a certain extent bewildering to the staff as it involves knowledge and skills outside their experience. While they feel completely competent dealing with specialised scientific, technical and industrial materials and enquiries, they are unsure of their abilities with respect to information on companies, markets, business development strategies, and the global economy. They are going through the same process of re-orientation and learning as their clients. It is difficult to develop effective business information services in these circumstances: they find themselves providing theoretical information to enquirers from new enterprises who have no more solid grasp of the actual practice of market-oriented business than do the TECHINFORMI staff themselves.

This situation will change gradually as SMEs become more experienced and the Georgian economic and social context absorbs the effects of transition to a market economy.

### 3 CONCLUSIONS

#### 3.1 Restructuring TECHINFORMI

TECHINFORMI's current structure is not appropriate to meet the rising demand for business and commercial information. **As a prerequisite for any Project implementation, TECHINFORMI must adopt a new departmental structure which reflects the new information provision priorities and strategies.** This new structure would redeploy existing staff and combine existing departments to create Business Information Department, several specialist information and research departments (government information and legislation, patents and licensing, scientific and technical research, etc.), and a more streamlined enquiry answering and referral system. This process of restructuring will then allow TECHINFORMI to make full use of new, networked information technology facilities, to reduce duplication of effort, minimise costs and improve the quality of services. Annex 3 summarises the Consultant's recommendations on the new structure.

#### 3.2 Marketing TECHINFORMI's services and products

TECHINFORMI needs to adopt a more proactive and coherent marketing and promotion strategy, led by a new Marketing and Public Relations Department as outlined in Annex 3. This is particularly important with respect to the business information services on offer, since TECHINFORMI is not traditionally known as a provider of commercially oriented information. There are several aspects of marketing services which need consideration:

- more effective marketing and sale of TECHINFORMI's products outside Georgia, particularly the *Georgian Companies Directory*. the Consultant will provide to TECHINFORMI a list of European organisations which

would be interested in this and other products. **TECHINFORMI should also make more use of the Georgian embassies and trade representatives in European and North American countries, insisting on their co-operation in promoting TECHINFORMI information and services, and of foreign embassies in Georgia.**

- A more coherent local advertising and marketing plan is needed, as well as a more effective “house style” for all departmental outputs.
- TECHINFORMI has already produced several market research reports on aspects of Georgian industry and economy for foreign clients. **These reports, and any subsequent reports, should be advertised - by a simple leaflet mailed to selected foreign organisations - more effectively.** Considerable staff time and effort went into the reports and the sale of two or three more copies while the information in them is still current would maximise the return on that effort.

### **3.3 Local business information**

Most established business information services are concerned to a large extent with the provision of local information rather than foreign or export market information. During this transition phase in Georgia, the focus of attention among SMEs appears to be on possible foreign markets and foreign investors. But the reality is that the majority of SMEs that survive the transition period will do so because they were successful in Georgian markets. In addition to developing and maintaining the *Georgian Companies Directory* and database, **TECHINFORMI should take active steps to collect and disseminate information about local markets, suppliers, retail outlets, distribution, financial services and regulations.**





**UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION**

**Project for the Republic of Georgia**

**JOB DESCRIPTION**

**SI/GEO/96/801/11-51**

- Post title:** Consultant in design and establishment of information services for SMEs
- Duration:** 0.7 m/m
- Date required:** As soon as possible
- Duty station:** Tbilisi, Republic of Georgia
- Purpose of the Project:** To strengthen the capacity of the Georgian Institute for Scientific and technical Information (TECHINFORMI) to provide information services to small and medium enterprises (SMEs).
- Duties:** The consultant will be attached to TECHINFORMI and will work under the general guidance of the national co-ordinator. The consultant will specifically be expected to:
1. Establish contacts with organizations representing SMEs as well as with some entrepreneurs in order to determine the needs of the SMEs with regard to type of information and information services.
  2. Advise on design and establishment of information services for SMEs with due regard to undergoing economic restructuring of the country;
  3. organize on-the-job training on using INTERNET for retrieving industrial and business information from remote databases.
  4. advise on purchase of CD-ROM databases relevant to the information needs of the entrepreneurs in SMEs and on latest information services offered through INTERNET.

The consultant will be expected to prepare a technical report setting out the findings of his mission, together with recommendations to the national counterpart agency on future action which might be taken.

**ANNEX 2****Institutions and individuals visited by the Consultant in Tbilisi**

Mr Oleg Shatberashvili, Director TECHINFORMI

Mr Teimuraz Chubinishvili, Deputy Director TECHINFORMI

TECHINFORMI Heads of Departments and staff

Mr Gela Charkviani, Deputy Minister, Ministry of Economy

Professor Paata Kervalishvili, Department of Science and Technology,  
Ministry of Economy

Mr Juhani V Laurila, Adviser, TACIS Coordinating Unit, Georgia

Ms Caryle Cammisa, Development Coordinator USAID

Mr Irakli Baidashvili, Deputy Chairman, Georgian Chamber of Commerce and  
Industry

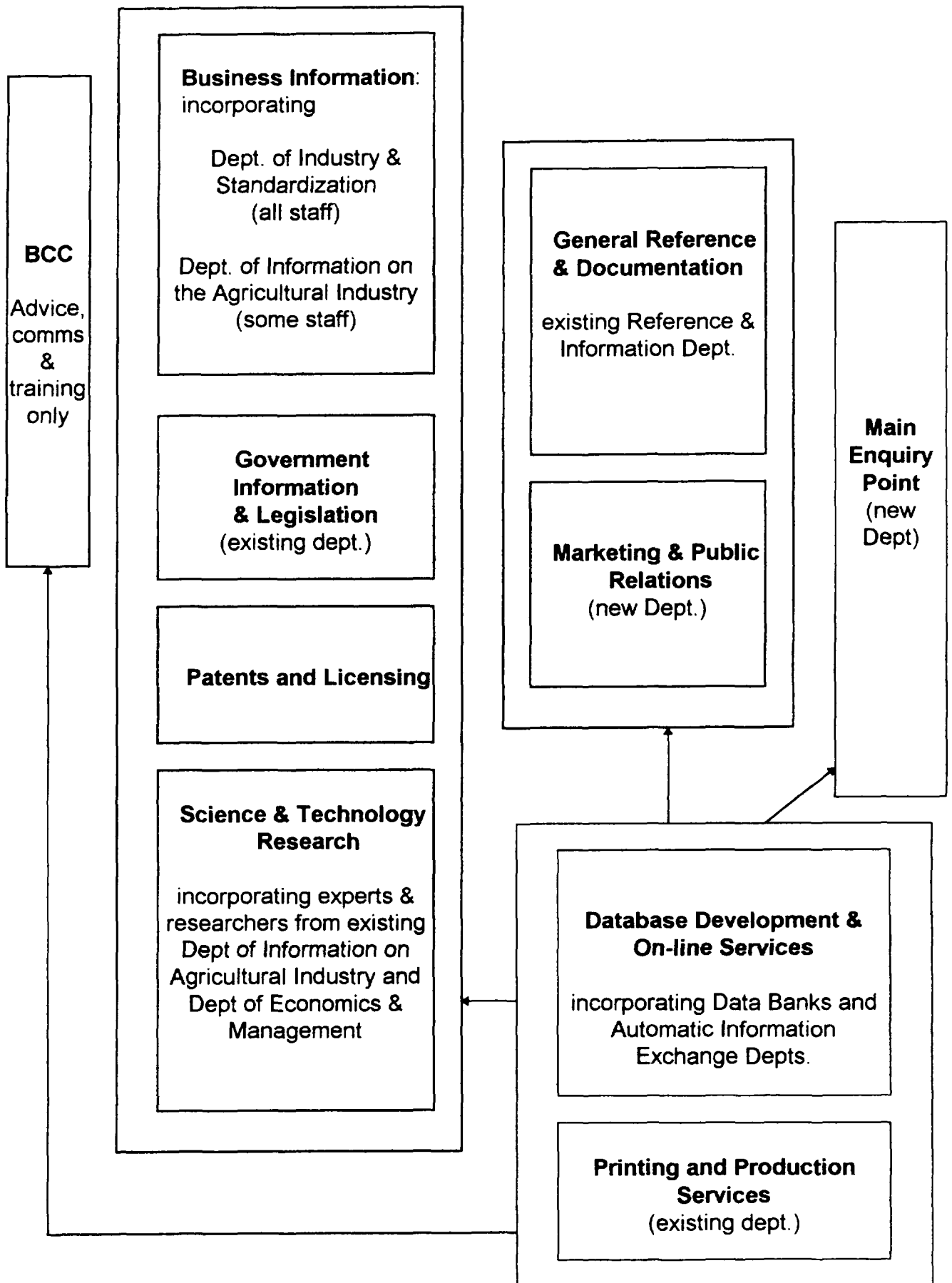
Tsisartkela Silk Company

Wool Weaving Factory, Tbilisi

Chocolates/Confectionary Factory, Tbilisi

NGR Drinks & Food Company, Tbilisi

**Recommended new structure for information services in TECHINFORMI**



## **Main Functions of the new departments in TECHINFORMI**

### **Business Information Department**

This department will deal with all requests for business and commercial information and advice which require more than the simple address/telephone number directory enquiries normally handled by the General Reference & Documentation Dept. It will provide the following broad categories of information:

- company profiles
- market overviews
- data on market leaders
- prices
- geo-political background
- statistics
- economic and political news stories about relevant markets
- mailing lists of target customers

BCC will continue to provide SMEs with consultancy, advice, assistance in making and communicating with foreign contacts, training in business development, etc.

### **Marketing and Public Relations**

This department will be responsible for developing a coherent marketing strategy covering all the functions, departments and products of TECHINFORMI. In addition it will have the following main functions:

- placing advertisements and running local promotional campaigns for all TECHINFORMI services and products;
- liaison and co-operative initiatives with other organisations offering services to SMEs and foreign investors in Georgia;
- planning and organising exhibitions, conferences and training programmes;
- international relations
- marketing TECHINFORMI services and products abroad;
- developing marketing and promotion leaflets, brochures and Internet advertising, in consultation with other TECHINFORMI departments;
- identifying and contacting local and international markets and customers for TECHINFORMI services and products.

### **Main Enquiry Point**

TECHINFORMI will have one telephone and fax point of enquiry, instead of at present each department having one or more separate number. The main enquiry point will be the public contact number for the whole organisation (with several telephone lines on one number) and will redirect enquiries to the appropriate departments.

**Project title: TECHINFORMI Business Information and Other Services to SMEs in Georgia****Brief Description**

Like other Soviet republics Georgia suffered from excessive specialisation of the economy and thus the need to maintain close links with enterprises all over the FSU. Trade was almost exclusively with other Soviet republics. Economic decline has resulted in the loss of industrial and agricultural production. There are now signs that the process of collapse has been halted by the adoption of IMF supported stabilisation policies. The current process of economic reform in Georgia has resulted by mid-1996 in the creation of over 80,000 private sector small and medium enterprises (SMEs). Growth of the small business sector, dependent in part on financial, legislative and fiscal reform, and on political stability, is expected to underpin the country's economic revival.

The newly-privatised enterprises are faced with a number of information provision problems related to the establishment of new trade and economic links with other countries and markets and with new commercial enterprises in the traditional markets of the Former Soviet Union (FSU); the updating of technology and production machinery and methods; the introduction of international standards and practice into production and service. TECHINFORMI is the national information centre operating in the fields of scientific, technical, industrial and commercial information. It has considerable professional expertise, a range of international contacts, limited experience of using international business information databases and the growing expertise in using the Internet to provide international business information. Most SMEs are uncertain how to obtain such information and advice in Georgia. In its efforts to meet growing demand for business information and advice, TECHINFORMI is constrained by a number of problems including very limited international telecommunications infrastructure, severe pressure on materials and operational funding, inadequate information technology and lack of staff expertise in technical and specialist business information areas.

This Project is designed to strengthen the telecommunications and IT infrastructure of TECHINFORMI allowing it to offer revenue-earning information and internet connectivity services; to restructure and re-equip its information departments to reflect the new information demands from SMEs in Georgia; to strengthen staff skills in business information provision and information handling; to develop a range of affordable and sustainable business information and other services to SMEs to assist business development in Georgia, not only in this transitional period but to provide on-going support services in the medium- to long-term.

**A Context**

Georgia is a Republic occupying an area of 69,700 sq.km with a population of 5.4 million located in the Transcaucasia region. To the north is Russia; Turkey, Armenia are to the south, Azerbaijan to the east and the Black Sea in the west. Before separating from the former Soviet Union (FSU) Georgia had a well-developed and relatively prosperous economy based in part on export (mainly to other Soviet republics) of citrus fruit, tea, grapes and vegetables, and an agro-industry dependent on these products, in part on the extraction of metals, especially manganese, and manufacture or assembly of a range of industrial products, some of them involving high technology.

Like other Soviet republics Georgia suffered from excessive specialisation of the economy and thus the need to maintain close links with enterprises all over the FSU. The entire economy depended not only on imported raw materials but also on markets, and on fuel, food grain, dairy produce and meat. Trade was almost exclusively with other Soviet republics. Decline, when it began in 1991, was the more massive. Disruption of economic relations among FSU countries, loss of internal security and partly of political and administrative control have resulted in the loss of probably 80% of industrial and over 60% of agricultural production. Recovery was impeded by armed conflict arising from clashes with ethnic minorities in Abkhazia and the Tskhinvali regions and civil war in the period 1991-93.<sup>1</sup>

There are grounds for optimism regarding Georgia's economic future. If energy, transport and communications can be developed and security maintained, the economy may develop as rapidly as it declined. There are now signs that the process of collapse has been halted by the adoption of IMF supported stabilisation policies. A reversal of decline may begin with a resumption of growth in the

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<sup>1</sup> Government of the Republic of Georgia and United Nations Development Programme. *Human Development Report Georgia 1995*, Tbilisi, Lyceum Publishing House, 1995.

formal economy in 1996 as the benefits of stabilisation and the effects of the first stage of economic reforms begin to show.

## **1 Description of subsector**

### Privatisation and SME development

The privatisation process began in 1992, following the adoption of the Privatisation Law by Parliament in August 1991. There have been 4 stages in the privatisation programme dealing with different sectors:

- land
- housing
- small-scale enterprises, and
- mass privatisation of medium- and large-scale enterprises.

The process of small-scale privatisation covers enterprises with assets of a book value of less than US\$44,000 as at 1 April 1993. These small-scale enterprises are mainly trade and service activities. The largest and most complex component of the privatisation programme is the sale of shares in medium- and large-scale enterprises. This process has been arranged as a programme of mass privatisation with partial use of privatisation vouchers in a manner similar to that used in Russia. Enterprises are designated as medium and large-scale on the basis of a book value of assets of more than US\$44,000 as at 1 April 1993. All enterprises for sale are made into Joint Stock Companies (JSC) either where managers and workers are given the option to take majority shareholding (51%) or where voting control will be maintained by the State through ownership of 51% of the shares.

The majority of enterprises in Georgia can be described as small or medium enterprises, according to the definition of SME as companies with under 500 employees. TECHINFORMI statistics indicate that over 80% of Georgian enterprises employ fewer than 100 staff. 46% of companies are production and manufacturing companies; 31% operate in trade, tourism or service sectors, 8% in education, science and culture; and 4% in health-care, banking and insurance.

### Telecommunications, information technology and information provision

Efficient communications are a necessary part of economic development and an essential part of daily life: people must communicate by letter and by telephone, while industry and business require also more sophisticated tools, such as fax, e-mail and on-line access to international computer databases. Substantial investment is required to modernise the national telecommunications infrastructure. While local telephone lines are common, though inter-city and intra-city telephone connections are often uncertain, only a few organisations have access to reliable international telephone connections via satellite. Several private or semi-private companies provide e-mail services from Tbilisi. Only one private company currently provides Internet connectivity, charging high costs, and limited Internet access is available to academic and research organisations through a NATO satellite link. Costs are likely to become more competitive as more private Internet and e-mail service providers emerge, but high costs will prevail as long as international telephone links (terrestrial and satellite) are restricted.

The newly-privatised enterprises are also faced with a number of information provision problems related to the establishment of new trade and economic links with other countries and markets, particularly those with the West and Asia, but also with new commercial enterprises in the traditional markets of the Former Soviet Union (FSU); the renovation and updating of technology and production machinery and methods; the introduction of international standards and practice into production and service.

Business development in Georgia particularly requires the development of closer relationships with immediate neighbours in the Caucasus and beyond (Armenia, Azerbaijan, the Ukraine, Russia, East European countries and Turkey). However, these countries, like Georgia, lack developed information infrastructures. Company and product information from these countries is not included in the international databases available through commercial hosts such as Data Star and DIALOG. SMEs require the intervention and active assistance of an information service with established information and research links with these neighbouring countries.

## **2 Host country strategy**

For enterprises to succeed in Georgia some further improvements in the wider economic and social conditions are essential. These include the following aspects which lie at the centre of the Government's development strategy:

- the assurance of physical security and a secure environment for legitimate business;
- more effective monetary institutions and the reduction of the state's role through privatisation and improved administration;
- sufficient and affordable energy supply;
- adequate transport and communications infrastructures.

Georgia is establishing a stable democratic system with all main political parties committed to the free market economy. Tariff-free, open trade policies have been adopted and a policy of active encouragement to foreign investment in private enterprise is being pursued. The national currency (Lari) was introduced in October 1995 and inflation has been reduced. Reform of the banking and finance sector is underway, with five former state banks transformed into JSCs. Major investment is being made in road and rail transport networks in Georgia, with the main aim of reconstruction of cross-border links to Turkey, Armenia, Azerbaijan and the Russian Federation.

Privatisation of small and medium enterprises is in the last stages. Though state support - in the form of grants or other assistance to SMEs in the process of transition - is not forthcoming, there are plans to revive the *Caucasian Enterprise Fund with foreign support*. Parliament has ratified the inclusion by the Ministry of Economy of support to SMEs in the 1997 Budget forecast.

### **3 Prior or ongoing assistance**

EU TACIS has been the major foreign investor in the area of information and consultancy support to SMEs. Funding (1994-1996) provided by TACIS established the Business Communication Centre (BCC - Tbilisi) in TECHINFORMI to assist SMEs in the search for European partners and investors, to offer business contacts, logistical and communications support to local and foreign companies. BCC has enabled TECHINFORMI to set up an on-line connection providing limited access to the Internet and international computer databases.

TACIS has also established the SME Development Agency (SMEDA) in the Chamber of Commerce in Tbilisi, which provides business consultancy services, assistance in planning and financial management, market analysis and legal advice. Co-operation is close between TECHINFORMI and the Chamber of Commerce in the operation of these two centres.

UNIDO provided TECHINFORMI with the basis for a small LAN (3 workstations) and limited Internet access, as well as technical staff training and technical assistance, under its *Regional Programme for Central and Eastern Europe Strengthening/establishing industrial and business information centres for SMEs in Russia and selected CIS countries*.

### **4 Institutional framework for subsector**

TECHINFORMI - the Georgian Research Institute for Scientific and Technical Information - is a state organisation responsible to the Ministry of Economy through the Department of Science and Technology. It is one several national information centres which serve government, research and academia and the general public in Georgia; other include the National Library, the Library of the Georgian Academy of Sciences. All national and research information services are experiencing severe economic hardship and pressure on their existing resources has resulted, in many cases, in cessation of services, reductions in staff, the non-availability of funds for foreign serial and other publications, reduction in the range and number of information service products and in the levels of co-operative activity co-ordinated among the major national information centres.

Dramatic loss of funding for the purchase of foreign publications relating to science, technology and industry has coincided exactly with Georgia's change of focus in all social and economic areas from concern with the scientific, technical and commercial experience of Russia and the republics of the FSU to that of Western Europe and North America.

TECHINFORMI has experienced significant changes in demand for its information services as well as in the kinds of organisation which require its services. These changes can be summarised as follows:

- increasing demand for international government and legislative information from state and other administrative organisations;

- increasing demand for international (and translated) industrial information, such as patents, licensing, technical regulations and industrial standards, from state-owned and private enterprises;
- increasing demand for business and commercial information (prices, company contacts, market information) from SMEs;
- a decrease in requests for scientific and technical information from research and academic institutes.

TECHINFORMI makes extensive use of the scientific and technical information network of the FSU, maintaining close business relations with more than 200 information centres in the Russian Federation and CIS, most of which are experiencing similar difficulties and changes in the profile of their information activities.

There is no other information centre in Georgia operating in the fields of scientific, technical, industrial and commercial information of comparable size, expertise or range of international contacts. With its currently limited experience of using international business information databases, and the growing expertise of TECHINFORMI staff in using the Internet to provide international business information, TECHINFORMI occupies a unique position in the information and enterprise sectors in Georgia.

## **B     Project Justification**

### **B1    Problems to be addressed; the present situation**

1.1     The current process of economic reform in Georgia has resulted by mid-1996 in the creation of over 80,000 private sector small and medium enterprises (SMEs). Growth of the small business sector, dependent in part on financial, legislative and fiscal reform, and on political stability, is expected to underpin the country's economic revival.

1.2     These SMEs, the majority of which have been created from former State-owned enterprises and organisations, have suffered dramatic reductions in both their domestic markets, as the buying-power of Georgian organisations and individuals has plummeted, and their traditional markets in the countries of the FSU, as other CIS countries struggle with similar problems of economic change and regeneration. Most SMEs require investment capital to re-equip or to purchase raw materials in order to re-start production. Many managers of these enterprises lack the skills necessary to develop business strategies to suit a competitive economic environment or to identify market opportunities which are likely to attract such investment. Though fully aware that the integration of Georgian enterprises into the international business community will be essential to their survival, most SMEs lack commercial contacts outside the FSU and are uncertain how to obtain such information and advice in Georgia. The availability of business information is severely limited in Georgia.

1.3     TECHINFORMI has many years of experience in the collection and dissemination of scientific and technical information, including such documentation essential to industrial and enterprise development as international patents and standards. TECHINFORMI is part of a wide international network of information institutes, co-operating closely with similar institutes in the Caucasus and other CIS countries. Increasingly TECHINFORMI's resources are being concentrated on the provision of business, commercial and industrial information - in 1996 80% of information enquiries (about 12,000 enquiries) received were related to business and enterprise development. The institute also co-operates closely with other Georgian and foreign organisations which provide advice and information to SMEs, none of which have the same breadth of professional experience in information dissemination, nor the range of contacts that distinguish TECHINFORMI. It has developed several important databases including Caucasian enterprises and Georgian legislation, and published a directory of Georgian enterprises.



1.4 Among the many thousands of newly privatised SMEs the need for high-quality business and commercial information is immediate and urgent. In its efforts to meet this demand, TECHINFORMI is constrained by a number of problems:

- **Internet connectivity:** adequate international telecommunications connections are lacking, to enable affordable access to international computerised sources of information via the Internet and X25 database hosts which can provide up-to-date global market and company information; local connectivity options are currently limited and expensive.
- **Purchase of essential publications:** reductions in the government budget for TECHINFORMI have forced the institute to raise a substantial proportion of its budget through revenue-earning information services; its financing is, however, inadequate to cover the costs of subscriptions to essential foreign business and commercial information publications in print or on CD-ROM. Access to up-to-date information through these channels is, therefore, also unavailable.
- **Information technology infrastructure:** several important projects assisted by foreign organisations, such as UNIDO and the EU TACIS programme, have provided TECHINFORMI with some computer hardware and software to enable it to, for instance, develop local databases. However, the current level of access to, and expertise in using, information technology in those departments providing assistance to SMEs is very limited. A more extensive PC network (LAN) linking key departments, is required to enable swift intra-departmental and inter-organisational communications, database access from key information-handling departments and the pooling of information, and to increase the efficiency and effectiveness of business information provision.
- **New skills to match new information needs:** TECHINFORMI's current structure and range of staff skills is not appropriate to meet the rising demand for business and commercial information. Strategies and structures are needed to reduce duplication of effort, minimise costs and improve the quality of services. A programme of staff training, new skills related to information about competitive business environments and the restructuring of key departments for greater effectiveness are required.
- **Improved printing and production facilities:** TECHINFORMI disseminates much of its information in Georgia and abroad in the form of printed leaflets and publications, for which it maintains a semi-commercial printing department. These publications include printed directories, translations of legislation and market research reports. It is also developing services to SMEs to assist in the production of low-cost marketing materials. TECHINFORMI's print and production capability needs upgrading in order to be able to provide the quality of printed materials for its own productions and those of its clients which will meet international standards. There are no commercial printers in Georgia capable of sufficiently high quality production; material is currently prepared in Georgia but produced and printed in Turkey.
- **Training and conference facilities:** the provision of training courses and workshops in business development and the use of information in business are valuable assistance to SMEs in Georgia. TECHINFORMI has been involved in business training provision and conference organisation using Georgian and international experts for several years, particularly through the TACIS BCC project. Training and conference facilities in TECHINFORMI's own premises need renovation to make them usable and facilities elsewhere are poor: simultaneous translation equipment is required since international trainers and speakers are usually essential to cover gaps in Georgian experience; basic training equipment is in short supply and such basic items as an overhead projector are shared between several government institutions.
- **Revenue-earning requirements:** TECHINFORMI is under considerable pressure to raise revenue from its services to replace declining government budgets for its activities. However, most SMEs in need of basic business information and advice cannot at present pay the full cost of such information provision, creating a difficult dilemma for the institute. TECHINFORMI feels under an obligation as a national information provider to offer basic information services at affordable prices to all SMEs and strategies must be found to raise revenue from some services in order to subsidise the provision of basic business and industrial information.

## B2 Expected end of project situation

2.1 Full Internet and X25 connectivity, providing TECHINFORMI with affordable and unlimited access on-line to sources of business information on the Internet and through international database host services such as DIALOG and Data-Star.

2.2 TECHINFORMI fully operational as an Internet service provider offering value-added Internet access (bulletin boards, customised information updates, WWW site, etc.) and e-mail services at competitive prices to SMEs, foreign organisations and non-governmental organisation (NGOs) in Georgia.

2.3 TECHINFORMI established as a database host providing WWW and dial-up access to its databases of Georgian information relating to commercial and enterprise development, including Georgian companies and legislation.

2.4 TECHINFORMI restructured to reflect the new information provision priorities and strategies; with a Business Information Department, and several specialist information and research departments (government information and legislation, patents and licensing, scientific and technical research, etc.); a more streamlined enquiry answering and referral system making full use of new, networked information technology facilities.

2.5 Staff in key TECHINFORMI departments with new skills in using information technology and on-line business information sources, the identification and interpretation of business and commercial information and the presentation and synthesis of business information to meet the needs of the enquirer.

2.6 A range of free and priced business information products of high quality, produced and printed in-house and promoted and disseminated widely by TECHINFORMI through various channels in Georgia, the Caucasus Region, Western Europe and North America.

2.7 TECHINFORMI running in-house business training and information awareness courses for SMEs and other organisations and hosting international workshops and conferences in co-operation with other enterprise support organisations such as the Chamber of Commerce.

2.8 Successful income generation and full cost recovery on several TECHINFORMI activities, services and facilities, completely commensurate with its role as a major national information service provider, which subsidise and ensure the sustainability of affordable business information services to SMEs during their transition to economically viable, private sector enterprises.

2.9 An established and operational marketing and promotion strategy for TECHINFORMI to ensure:

- effective advertisement of its business information and other services to SMEs throughout Georgia and the Caucasus Region;
- promotion of TECHINFORMI products and services to business communities in potential markets for Georgian goods elsewhere in the world.

### **B3 Target beneficiaries**

The target beneficiaries of this project will be:

- TECHINFORMI staff tasked with the provision of information services to SMEs in Georgia;
- current and emerging SMEs in Georgia using improved TECHINFORMI information services;
- other government, NGO and private sector organisations in Georgia providing advisory, consultancy and/or financial services to SMEs in Georgia, benefiting from access to TECHINFORMI services and improved communications facilities through TECHINFORMI;
- scientists and researchers in academic and industrial institutes who will benefit from TECHINFORMI's improved capability to provide up-to-date information from international information network sources in their specialist areas;
- organisations outside Georgia seeking information on and business contacts with Georgian enterprises and business support programmes.

### **B4 Project strategy and implementation arrangements**

#### **Methodology**

The Project builds on existing capabilities, technical and professional expertise, document collections, premises and the unique position of TECHINFORMI as one of the leading information service providers in Georgia. The Project will support:

4.1 Telecommunications and database services provision and installation to establish the communications and server point in TECHINFORMI from which e-mail services, on-line access to Internet and other international information sources will be possible for TECHINFORMI staff and clients in Georgia, and database host services can be developed for clients in Georgia and other countries. This will require

- 1 x Sun Spark server operating as database server and name server, utilising TCP/IP;
- routing equipment;
- a VSAT satellite dish;
- 3k UPS (uninterruptable power supply) for the whole system;
- modems to enable SMEs to connect to the network for remote access to information services and the Internet;

4.2 Human resource development and training. The following kinds of training and staff development will be required to improve the skills and capabilities of the existing TECHINFORMI staff:

- Information service skills: handling enquiries, interpreting information needs
- Specialist business information sources: with an emphasis on business practices in the West and South East Asia: searching available sources, interpreting information to match client requirements.
- Marketing and public relations skills: specifically for information services.
- Technical support in operating and using the new telecommunications and IT infrastructures.

This programme of training will be implemented through a combination of inputs locally using foreign technical assistance, in Moscow and in Western European business information and training centres as appropriate.

4.3 IT upgrading and PC network (LAN) extension in key departments of TECHINFORMI will require

- 20 x Pentium PCs plus network software
- Multiple CD-ROM drive network server
- 5 x laser printers
- Scanner
- Colour separation facility for printing/production
- Photo setting equipment

4.4 Limited reorganisation and upgrading of existing premises to enable the physical reorganisation of key departments, the co-location of certain functions together and improvements in the working environment.

- Some office furniture
- Computer and telecommunications cabling
- Electricity generator

4.5 Provision of training and conference facilities: upgrading of premises and a range of multi-media training equipment will be required to enable the development of an in-house training and conference programme, including:

- Renovation and refurbishment of training and conference areas
- Overhead transparency projectors and screens
- Video players and video projector
- Simultaneous translation equipment

4.6 Publications and subscriptions: there are a number of electronic and printed publications which are essential to the provision of comprehensive business information. In addition, modest funds are required to pay annual subscriptions for access to the major on-line databases.

4.7 Technical assistance in three related areas:

- Staff development and training (see 4.2 above)
- Assistance to TECHINFORMI in planning a development strategy for business information services for the medium-term, including a user needs assessment exercise and a marketing and promotion strategy.
- Design of appropriate performance evaluation instruments to enable TECHINFORMI to monitor the success of the business information service strategies and to introduce changes in service provision to match the changing business environment in Georgia.

### **Sustainability**

The sustainability of the TECHINFORMI business information and other services to SMEs is viewed as a critical measure of the Project's success. To achieve sustainability in the medium- to long-term TECHINFORMI will have the following aims:

- to cover the recurrent costs of international telecommunications links through the development, during the Project years, of a substantial client-base purchasing value-added Internet and e-mail services;
- to set nominal charges for business information services to SMEs, with the intention of subsidising these services through other cost-recovery measures, and to review and alter these charges continuously as the economic environment in Georgia improves and the financial circumstances and information needs of SMEs change;
- to develop, promote and sell a range of fully-commercial business information products and database services internationally.

### **Project Timescale and Phases**

The Project will last for 2.5 years (see Annex I: Outline Workplan)

#### **B5 Reasons for assistance from UNIDO**

5.1 UNIDO has made support to information services to industry and SMEs a priority area for development in the Caucasus region and elsewhere in CIS countries. UNIDO has, through project work, dialogue with governments, regional workshops and seminars, built up extensive knowledge of the problems associated with business development in transitional economies, and of government policies in the CIS relating to enterprise development, employment creation and human resource development.

5.2 UNIDO's stated priorities includes, under the banner of its Industrial and Business Information System (IBIS), the exploitation of new methods of business and industrial information dissemination for public and private sectors, using national and international information networks (including the Internet).

5.3 UNIDO expertise and methodologies in preparing and managing projects in support of business, technological and industrial development are very valuable in this project context. UNIDO's involvement and interventions in development projects in the CIS countries provide established contacts and experience.

5.4 UNIDO has already implemented a successful small project with TECHINFORMI, to upgrade the technical capacity and staff skills in using information technology and to advise on the development of business information services.

#### **B6 Special considerations**

6.1 The Project will be implemented in close collaboration with, and in support of, other projects funded by foreign agencies operating in support of SME development; in particular, the project will maintain close links with the TACIS programme of support to SME development in Georgia. TECHINFORMI was the counterpart organisation for the TACIS - funded Business Communication Centre (BCC) in 1994-1996, and remains a major shareholder in BCC which is located in the TECHINFORMI premises.

6.2 The Project has a Caucasian regional dimension in its potential as a model for other business information provision projects in the region; through the policies of TECHINFORMI to promote co-operative business development strategies with counterpart institutes in the Caucasus region and to develop pan-Caucasian business information products e.g. the Caucasian companies database.

#### **B7 Co-ordination arrangements**

7.1 TECHINFORMI will be the national counterpart and implementation organisation. TECHINFORMI is responsible to the Department of Science and Technology of the Ministry of Economy and the Department will exercise supervision of the Project through the Director of TECHINFORMI, who is a member of the Council in the Ministry and has the status equivalent to a Head of Department.

7.2 Close co-ordination with other Georgian government and non-governmental organisations active in related fields will be a priority; these organisations will include:

- Ministry of Communications
- Ministry of Trade and Foreign Economic Relations
- Georgian Chamber of Commerce

#### **B8 Counterpart support capacity**

8.1 TECHINFORMI - the Georgian Research Institute for Scientific and Technical Information - was founded in 1959 and operates within the organisational framework of the Department of Science and Technology, the Ministry of Economy; it is a national information centre. It currently has over 100 staff of information professionals, qualified scientists and researchers, and technical and administrative support staff. It's premises are located in central Tbilisi, served by good urban transport services and with excellent local telephone and fax communications capacity capable of immediate expansion.

8.2 TECHINFORMI has a regional office in Kutaisi and a subsidiary office in Moscow which acts as a subscription and purchasing agent for Russian and other CIS information publications and services for TECHINFORMI and other public and private sector organisations in Georgia.

8.3 TECHINFORMI's professional staff have sound information service experience and expertise, increasingly focused on the needs of business and industrial sector enterprises. TECHINFORMI is an active member of the Federation Internationale d'Information et de Documentation (FID) and a registered member of the Information Referral Service of UNIDO INTIB.

8.4 TECHINFORMI has established, particularly in co-operation with the TACIS-funded BCC, a nucleus of professional and technical staff with the skills and experience to exploit IT and international information networks in support of SME development in Georgia.

### **C Development objective**

To expand and strengthen existing telecommunications and information network infrastructures which provide access in Georgia to international sources of information and to improve specific information skills, training and other facilities, in order to provide Georgian SMEs with a comprehensive range of affordable business information and enterprise development services.

#### **D Immediate objectives, outputs and activities**

**D1 To procure and install appropriate telecommunications and information technology hardware and software in TECHINFORMI.**

##### **Output 1**

Fully operational access to international information networks, including the Internet, and e-mail services.

##### Activities

- 1.1 Specification of hardware and software requirements and costs.
- 1.2 Procurement of hardware and software and delivery to Tbilisi.
- 1.3 Installation and testing of telecommunications hardware and software and connectivity.
- 1.4 Installation and testing of server hardware and software and client connectivity.

#### **Output 2**

TECHINFORMI technical staff provided with appropriate training to ensure the effective installation and operation of the system.

#### Activities

- 1.5 Internet and e-mail services manager to attend training course with telecommunications provider.
- 1.6 Technical training in hardware/software and technical service management for 3 members of TECHINFORMI Technical Support staff in Russia or Western Europe as appropriate.

**D2 To procure and install appropriate IT hardware and software to upgrade the service provision capabilities of key departments and to expand the TECHINFORMI LAN.**

#### **Output 1**

Fully operational expanded PC LAN in TECHINFORMI linking key departments and allowing access from those departments to e-mail and international information networks.

#### Activities

- 2.1 Specification of hardware and software requirements and costs.
- 2.2 Procurement of hardware and software and delivery to Tbilisi.
- 2.3 Specification and procurement locally of office equipment, internal computer and telecommunications cabling and furniture.
- 2.4 Installation and testing of all IT equipment and software.
- 2.5 Implementation of programme of in-house staff training in PC, network, e-mail and office software use, for all staff with access to and use of the network.
- 2.6 Integration into the network of database and CD-ROM servers.

#### **Output 2**

Improved technical capability to produce high-quality, low-cost printed materials for TECHINFORMI departments, markets and clients.

#### Activities

- 2.7 Specification of hardware and software requirements and costs.
- 2.8 Procurement of hardware and software and delivery to Tbilisi.
- 2.9 Installation and testing of hardware and software.

**D3 To restructure and reorganise TECHINFORMI departments to streamline current enquiry and referral procedures, and improve the efficiency and effectiveness of business information provision.**

#### **Output 1**

New departmental structure in place, including unified Business Information Department and new Marketing and Public Relations Department.

#### Activities

- 3.1 Consideration of alternative new departmental structures for TECHINFORMI and agreement on optimal restructuring plan.
- 3.2 Reorganisation of staff and function locations according to plan.
- 3.3 Co-ordination of the installation of PC LAN facilities and access in accordance with the new restructuring plan.

**Output 2**

A streamlined enquiry and information referral system in place in TECHINFORMI based on one main public enquiry point.

Activities

- 3.4 Establishment of new enquiry point as part of restructuring plan and definition of function and tasks.
- 3.5 Identification and training of 2 new enquiry point staff from within TECHINFORMI.
- 3.6 Installation of telephone switchboard facilities routing external calls through main enquiry point.
- 3.7 Reorganisation of telephone points and logistics to reflect new enquiry point and implemented restructuring plan.

**D4 To select and procure an appropriate range of international business information publications to enhance the capability of TECHINFORMI to deliver quality information services.**

**Output 1**

A range of up-to-date international business information publications, electronic and print, available for access and consultation through the LAN or in the Reference Department.

Activities

- 4.1 Identification of relevant information materials, international CD-ROM databases and directories, etc.
- 4.2 Selection, ordering/subscription to relevant materials.
- 4.3 Integration of CD-ROM databases into LAN.
- 4.4 Staff training programme to ensure that all information service staff are familiar with and able to use the information materials.
- 4.5 Circulation of acquisitions list among all TECHINFORMI staff and to clients as appropriate.

**D5 To develop and promote TECHINFORMI as an Internet and e-mail service provider.**

**Output 1**

Revenue-earning e-mail and Internet connection services with a minimum of 50 clients in Georgia.

Activities

- 5.1 Establish a timetable and schedule of charges for the provision of commercially competitive e-mail and Internet services.
- 5.2 Design, produce and distribute promotional material and advertisements for the new services.

**Output 2**

A range of client-oriented information and bulletin board services to add value to TECHINFORMI's e-mail and Internet services.

Activities

- 5.3 Design, development and maintenance of WWW and e-mail bulletin boards/newsgroup services for clients.

**D6 To develop and promote TECHINFORMI database host services.**

**Output 1**

Access to TECHINFORMI databases of Georgian scientific, technical and enterprise information by direct dial or via the Internet at affordable prices for both Georgian and foreign enquirers.

Activities

- 6.1 Develop user-friendly access and search instruments for the TECHINFORMI databases.

- 6.2 Establish a range of charges for access and payment mechanisms.
- 6.3 Provide WWW access through TECHINFORMI home pages.

**D7 To implement a programme of training for TECHINFORMI staff to improve IT skills, and to develop expertise in business information service and product development and provision.**

#### **Output 1**

All TECHINFORMI information service staff expert in using PC-based office software, foreign and Georgian databases on the LAN.

##### Activities

- 7.1 Plan and implement a programme of staff training and hands-on practice, supported by TECHINFORMI technical staff.

#### **Output 2**

Changed and more efficient working patterns within TECHINFORMI business information and production services, and more effective exploitation of IT in, for instance, the use of internal e-mail, automation of the enquiry recording and referral processes, co-ordination of responses to enquiries, improved quality in print and production.

##### Activities

- 7.2 Technical assistance from foreign specialists in design and implementation of staff training in information handling skills and up-to-date sources of business information.
- 7.3 Design and introduction of a range of computer-based working tools, such as automated enquiry records/database, internal e-mail.
- 7.4 Introduction and use of effective house-style in all TECHINFORMI printed and electronic outputs.

**D8 To research and draw up a strategic management and development plan for TECHINFORMI business information and other services to SMEs in Georgia.**

#### **Output 1**

Needs assessment research survey results indicating SME information priorities, product and service requirements, etc. over the medium- to long-term.

##### Activities

- 8.1 Technical assistance from foreign specialists in design of research methodology, surveys and data analysis.
- 8.2 Identification of research sample among Georgian SMEs.
- 8.3 Implementation of the research survey
- 8.4 Data analysis and reporting.

#### **Output 2**

Strategic management and development plan for TECHINFORMI business information services for the medium-term.

- 8.5 Technical assistance from foreign specialists in researching and drawing up strategic plan.
- 8.6 Drafting and finalising management and development plan in consultation with heads of all key departments.

#### **Output 3**

Performance evaluation and monitoring instruments in use to monitor the performance of and user reactions to the new business information and other services to SMEs, providing management information to assist in the implementation of the strategic plan.

##### Activities



- 8.7 Technical assistance from foreign specialists in the design and development of effective performance evaluation and monitoring instruments.
- 8.8 Staff training by foreign specialists on the use of these instruments to gather and evaluate performance data.
- 8.9 Training by foreign specialists for TECHINFORMI managers in the use of this performance data to aid decision-making and management planning.

**D9 To promote and market TECHINFORMI business information and related services in order to expand TECHINFORMI's client-base and to maximise TECHINFORMI's ability to continue the provision of affordable services to SMEs.**

#### **Output 1**

TECHINFORMI Marketing and Public Relations department with staff trained in marketing, promotion and public relations techniques.

##### Activities

- 9.1 Technical assistance from foreign specialists in defining role of marketing and public relations and staff training.
- 9.2 Staff attendance on training course(s) in marketing information services in Western Europe.

#### **Output 2**

Marketing and promotion plan for TECHINFORMI business information and other services to SMEs, as part of overall strategic management and development plan.

##### Activities

- 9.3 Development of costed marketing and promotion plan based on needs assessment research and business information service targets for the medium-term.

#### **Output 3**

Increased take-up of TECHINFORMI services by SMEs in Georgia and other organisations within and outside Georgia.

**D10 To develop and produce a range of high quality business information publications and products in electronic and printed form.**

#### **Output 1**

Publications and production plan incorporated into overall strategic management and development plan.

##### Activities

- 10.1 Development of publications and productions plan based on needs assessment research and priorities of each key department in TECHINFORMI.
- 10.2 Implementation of plan.

#### **Output 2**

Improved design and quality of all TECHINFORMI printed and electronic products, including improved house-style for letterheads, brochures, market reports, WWW pages etc.

##### Activities

- 10.3 Exploitation of IT facilities to improve design and quality of printed and electronic products.

#### **Output 3**

A range of high-quality, affordable business information products to meet the needs of SMEs identified in the needs assessment research.

Activities

- 10.4 Consultation with key departments on priorities for business information products.
- 10.5 Consultation with Marketing and Public Relations Department on design and pricing of products.
- 10.6 Production, promotion and distribution/sale of products.

**D11 To act, in co-operation with other local and international agencies, as an effective referral point for SMEs seeking other kinds of assistance in business development (e.g. management or financial consultancy and training).**

**Output 1**

Continuously up-dated information flow about Georgian source of assistance to SMEs.

Activities

- 11.1 Marketing and Public Relations Department establishes regular schedule of meetings, contacts and co-operative activities with other Georgian organisations assisting SMEs.

**D12 To develop a training and conference facility and a programme of business information and development training, exhibition and conference activities, in co-operation with other local and international organisations.**

**Output 1**

Improved conference and training premises, equipped with a range of training and simultaneous translation facilities.

Activities

- 12.1 Renovation and refurbishment of conference and training areas in TECHINFORMI premises.
- 12.2 Installation and testing of training and translation equipment.

**Output 2**

A 2-year business information and development training and conference programme, planned in co-operation with other organisations as appropriate, to meet the needs of SMEs as identified in the needs assessment research survey.

Activities

- 12.3 Development of a programme of training courses and conferences or seminars designed to assist SMEs in obtaining and using business information and developing business strategies.
- 12.4 Consultation and co-operation with a range of other foreign and Georgian organisations in the design, funding and implementation of the training and conference programme.

**E Inputs****Executing Agency: UNIDO**

- 1 Project management and review services
- 2 Equipment and software procurement services
- 3 Technical assistance by foreign specialists.

**National Counterpart: TECHINFORMI**

- 1 Premises for business information and other services to SMEs: basic facilities (electricity etc.)
- 2 Business information and other service staff and salaries
- 3 Installation and testing of all hardware and software, including telecommunications.
- 4 Telecommunications and PC network maintenance costs (servicing and spares, etc.)
- 5 Local telecommunications costs (telephone and fax)

- 6 Staff training in technical aspects of IT use
- 7 Training and conference premises: basic services (electricity etc.)
- 8 Renovation and refurbishment of training and conference areas.

#### **Foreign donor(s)**

- 1 Telecommunications and server hardware and software costs
- 2 PC network hardware and software costs
- 3 On-line database/CD-ROM subscriptions and other international publication acquisition costs
- 4 TECHINFORMI staff training outside Georgia
- 5 Initial publicity and promotion costs for new TECHINFORMI business information and other services to SMEs.

#### **F Risks**

The following risks are anticipated (with an indication of estimated likelihood of occurrence):

- (a) Electricity supplies in Tbilisi will continue to be interrupted on a daily basis, impeding effective working practices and service development (medium).
- (b) TECHINFORMI will encounter difficulties in identifying and appointing staff to the new posts in the proposed new structure (medium).
- (c) Delays in project implementation due to late procurement and/or delivery of IT and telecommunications hardware (medium).
- (d) Competition in e-mail and Internet connection will emerge in the private sector in Georgia (high).
- (e) The demand for and take-up of e-mail and Internet connection services among SMEs in Georgia will be slower than expected (low).
- (f) Continued malfunctioning of the public telephone network will impede service development (medium).

#### **G Prior obligations and prerequisites**

- (a) Provision of TECHINFORMI premises for the proposed new services and facilities.
- (b) Restructuring of TECHINFORMI departments to reflect the new information service priorities.

#### **H Project review, reporting and evaluation**

TECHINFORMI will implement a regular programme of performance evaluation and monitoring of its business information and other services to SMEs, as designed and recommended by foreign specialists under technical assistance arrangements (see D7 above).

The Project will be subject to two Reviews by an independent consultant appointed by the Executing Agency (UNIDO), reporting to UNIDO and foreign donor(s): these reviews will be:

- a mid-term Review, in which recommendations might be made for adjustment and amendment to the original Project Plan;
- a Project completion Review.

#### **I Legal context**

Not applicable

## ESTIMATED PROJECT COSTS

Cost item	Year 1 costs	Year 2 costs	Year 3 costs	TOTAL
<b>On-line and database host services set-up</b>				
VSAT	150,000			150,000
Modems and modem board	13,500			13,500
Communications server Livingston PM2e x 2	5,000			5,000
Router Cisco 2500	7,000			7,000
Fast Ethernet switch	10,000			10,000
Ethernet Hub 16 Port x 2	400			400
Cables, connectors etc	2,000			2,000
Sun Sparc Station 20/256 MB RAM/12 GB Raid 5	10,000			10,000
<b>Sub-total</b>	<b>197,900</b>	<b>0</b>	<b>0</b>	<b>197,900</b>
<b>Telecommunications costs</b>				
Satellite 64KB/sec channel rental	30,000	60,000	30,000	120,000
Local telecommunications costs	5,000	5,000	5,000	15,000
<b>Sub-total</b>	<b>35,000</b>	<b>65,000</b>	<b>35,000</b>	<b>135,000</b>
<b>IT network set-up &amp; upgrading IT facilities</b>				
Pentium PC 133/16/1GB/1MB/14" SVGA x 20	20,000			20,000
CD-ROM multiple drive	5,000			5,000
Laser printers x 5	5,000			5,000
Scanner	2,600			2,600
Colour separation facilities	2,500			2,500
Photo setting equipment	50,000			50,000
				0
<b>Sub-total</b>	<b>85,100</b>	<b>0</b>	<b>0</b>	<b>85,100</b>
<b>Information provision costs</b>				
CD-ROM subscriptions and database fees	25,000	25,000	25,000	75,000
Other materials		10,000	10,000	20,000
<b>Sub-total</b>	<b>25,000</b>	<b>35,000</b>	<b>35,000</b>	<b>95,000</b>
<b>Staff development and training</b>				
Technical staff training	15,000			15,000
Business Information Service & Enquiry staff training	15,000	20,000	15,000	50,000
Marketing and PR staff training	10,000			10,000
				0
<b>Sub-total</b>	<b>40,000</b>	<b>20,000</b>	<b>15,000</b>	<b>75,000</b>
<b>Technical assistance</b>				
TA for SME needs assessment research	15,000			15,000
TA for strategic management plan & staff training	10,000	10,000		20,000
				0
<b>Sub-total</b>	<b>25,000</b>	<b>10,000</b>	<b>0</b>	<b>35,000</b>
<b>Training and conference facilities</b>				
Renovation & refurbishment of premises		10,000		10,000
Simultaneous translation equipment		25,000		25,000
Video players, projector & OHTP		5,000		5,000
<b>Sub-total</b>	<b>0</b>	<b>40,000</b>	<b>0</b>	<b>40,000</b>
<b>Other costs</b>				
Furniture & office equipment	5,000			5,000
Electricity generator 15kw	4,500			4,500
UPS 6000 watt	3,000			3,000
Rewiring and computer cabling	2,500			2,500
<b>Sub-total</b>	<b>15,000</b>	<b>0</b>	<b>0</b>	<b>15,000</b>
<b>TOTAL</b>	<b>423,000</b>	<b>170,000</b>	<b>85,000</b>	<b>678,000</b>

## UNCTAD: Trade Efficiency: The Trade Point Programme

The Trade Efficiency Programme seeks to increase the international awareness and effective application of information technologies to trade, and to promote the use of models capable of reducing procedural costs in international trade. The United Nations International Symposium on Trade Efficiency (UNISTE), held in Columbus, Ohio (USA) in October 1994 and attended by 2000 decision-makers from both the private and the public sectors of 136 countries, including some eighty Ministers, marked the commitment of the international community to the implementation of trade efficiency recommendations and guidelines. UNISTE also launched the **Global Trade Point Network (GTPN)**, a core component of the Trade Efficiency Programme.

The ITC and UN/ECE (Working Party IV) are cooperating partners in this programme, respectively addressing the issues of the availability and efficient use of business information for trade, and better business practices.

As of 1 March 1995, 89 Trade Points had been or were being established in 52 countries, while another 27 official requests had been submitted to UNCTAD.

### Objectives

- To enhance the participation of developing countries and economies in transition in international trade, with special emphasis on small - and medium-sized enterprises;
- To reduce transaction costs and promote better trade practices including through the use of information technologies and EDI; and
- To allow better access for traders to trade-related information and global networks.

### Features

The Trade Point is:

- A trade facilitation centre, where participants in foreign trade transactions (e.g. Customs, foreign trade institutes, Chambers of Commerce, freight forwarders, transport companies, banks, insurance companies) are grouped together under a single physical or virtual roof to provide all required services for trade transactions.
- A source of trade-related information which provides actual and potential traders with data about business and market opportunities, potential clients and suppliers, trade regulations and requirements, etc.
- A gateway to global networking. All Trade Points are being or will be interconnected in a worldwide electronic network and equipped with efficient telecommunications tools to link up with other global networks.

The Trade Point Technical Cooperation Programme aims at supporting the establishment, operational launching and interconnection of Trade Points.

### Contributing Countries/Institutions

European Commission, Germany, Italy, The Netherlands, Norway, Sweden, Switzerland, UNDP, USA.

Contact: UNDP Office, Tbilisi

## Low-cost or free sources of market and economic information

### General background information about "global markets"

**Television:** satellite and cable TV: international channels, such as CNN, NBC, EuroNews - regular business feature programmes; international stock market figures and closing prices; commodity prices on New York stock market.

**Internet:** much more undisciplined and difficult to find exactly what you need: much background information and some useful advertising. How about establishing a "TECHINFORMI bulletin" : a list of important areas for staff information/education; download and print out anything of interest on a regular (once a month?) basis under the chosen topic headings. Make one knowledgeable person responsible.

**International business periodicals/newspapers** such as The Economist (weekly), Middle Eastern Economic Review (weekly), Far Eastern Economic Review (weekly), Financial Times (daily).

### Information about business in specific markets/countries

**e-mail bulletin boards and listings:** there are a range of these: they come and go: several ones generated by and dealing with CIS and Eastern European countries: free to join and to get up-dates automatically e-mailed to TECHINFORMI's address. Someone will then have to look at all the items and decide what is useful and what is not, and how the information should be circulated to interested staff in TECHINFORMI/to clients.

**International Chambers of Commerce** usually send out regular printed bulletins about their countries markets and export markets of interest e.g. the British Chamber of Commerce produces "Business Briefings". Many Chambers of Commerce in Western Europe will provide promotional material free or almost free: write to them, or ask the **Georgian embassies** to contact them and collect information for TECHINFORMI.

**Information about national, regional and international trade fairs:** many countries hold regular trade fairs, either all kinds of trade and industry, or specific industries, e.g. The annual International Trade Fair in Thessaloniki, Greece; the exhibitions and fairs held in Frankfurt all year. Does TECHINFORMI have a "calendar" of these events? Information can be obtained from 1) foreign embassies in Georgia 2) National trade and export organisations in each country (a search on the Internet for government WWW pages should get addresses). Write for the information every year.