



Confederation College coordinates SBEDIF Project



IVANO-FRANKIVSK: A GROWTH MARKET FOR SMALL BUSINESSES

by Don Domansky, Project Director

The 5-year, \$5 million SBEDIF, Small Business and Economic Development Project for Ivano-Frankivsk is sponsored by CIDA and is managed by Confederation College of Thunder Bay, Ontario. Its participating partners include the University of Waterloo, University of Saskatchewan, Parkland Community Futures of Grandview Manitoba, the City of Ivano-Frankivsk and the Oblast of Ivano-Frankivsk

Ivano-Frankivsk, situated in the heart of historical Western Ukraine, is the most beautiful region of Ukraine, with its rolling plains, oak forests, river valleys and snow-capped mountains. The abundance of agricultural potential, oil products, and forestry resources gives the region the raw potential for success. Add to this the proximity of five Central European countries

within 150 kilometres and the stage is set for business opportunity.

Not unlike many parts of Ukraine, Ivano-Frankivsk is suffering from unusually high unemployment, insufficient business start-up capital, over-reliance on Polish imports, and a lack of basic Western business education. On the other hand and typical of Ukrainians in general, there is an endless supply of enthusiasm, high technical skills, and a willingness to learn.

Ivano-Frankivsk is living through the national problems of recession experienced by all of Ukraine. However, unlike many parts of Ukraine, Ivano-Frankivsk was a closed region prior to Independence and lacks the type of Western exposure and experience that has given its close neighbour Lviv a head start in Western business development.

There is no question that the SBEDIF project has advanced to the stage where it is now bursting at the seams. Visitors to the centre at 26 Dnistrovska, Ivano-Frankivsk immediately comment on how busy and crowded the centre is. Initial business development consulting has been provided to 281 clients of which 145 have returned for follow up consulting sessions. Many of these clients are also part of the 348 students participating in Entrepreneurial, English, and Economic officer courses. Fifty-one students have attended our train the trainer sessions including 4 that received training in Canada. There are now 6 Ukrainians on staff doing business consulting, course delivery and Economic development training.

The SBEDIF project completed its official registration as a Branch Office of Confederation College in Ivano-Frankivsk and as a result has an official bank account as well as a corporate seal. A major objective of the project is to help the centre achieve self-sustainability that is financial independence of specific funding. To this end, an agreement for a Joint Venture was signed giving the centre the right to charge fees for services... normally not an option for a technical assistance project.

Another milestone included the signing of an agreement for a loan granting process. The SBEDIF officer and loan committee should be able to forge ahead with the granting of loans to the many applications for loans received to date. A major component of this loan procedure includes participation from the two Ukrainian partners, the City and Oblast of Ivano-Frankivsk, and a mechanism and terms of reference for the loan committee. The loan committee also includes representation from the participating local financial institutions, currently the Pre-Carpathian bank and the local branch of the Ukrainian Credit Union. The legal right for the project to get involved in certain types of loans continues to be a major challenge for the project.

The CIDA sponsored loan fund has grown to \$516,000 and the project is using this financing as leverage to attract additional loan funding from other sources. Positive initial response has also been received from within Ukraine for private sector funding to augment the loan fund.

The first two Ivano-Frankivsk loans are exciting success stories. A baker from a small community who borrowed US\$10,000 to buy a breadmaking machine has hired 8 full time employees, is selling 1,100 loaves a day, is expanding to a third shift, and is planning to pay off the loan in 6 instead of 18 months. A woodworking entrepreneur who received a loan for a special cutting machine and now has orders from several Central European countries.

The project is very active throughout the oblast with economic officers and business consultants making regular visits to various communities. Some of the smaller communities are starting to organize their own locally financed business centres and look to us for organizational support and training delivery. The economic program is developing a more extensive needs assessment for business opportunities throughout the region and this information is being used in the consulting program to advise entrepreneurs of business opportunities. Entrepreneurial instructional videos (in Ukrainian) have been developed and shown on local television and there are plans to do this type of television entrepreneurial training approximately 3 hours per month. Free television time has been granted to SBEDIF part of our agreements. Ukrainian companies



SBEDIF project group at the Ivano-Frankivsk City and Oblast Administration White House. Back row, l-r: Lazarowich (Univ. of Waterloo); Stepan Lylak (Head of Foreign Dept. of Ivano-Frankivsk Regional State Administration); Amb. Christopher Westdal; Kati Csaba (Cdn. Embassy); Volodymyr Seniuk (Cdn. Embassy). Front row, l-r: Gerald Fedchun (Pres. of Canada-Ukraine Chamber of Commerce); Don Domansky (Confederation College, Mgr. SBEDIF project); Jim Rapino (Confederation College); George Leschuk (LEXDON Consultants); Ron Murray (Confederation College).