

# LOCAL COMMUNITIES: A TIME OF CHANGES

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Today hardly anyone doubts the fact that in a market economy small-sized businesses are an important determinant of a country's economic growth and the structure and quality of its gross national product. In developed countries, small businesses account for 60-70% of the total output and nearly half of the gross domestic product (GDP). In Russia, however, this figure is as low as 12% and, thus, it is not surprising that so many hopes are now being centered on developing small businesses (primarily, for reaching such objectives as innovation, creation of new jobs, reduction of social tension and an increase of living standards). Small businesses are also expected to become "environmentally oriented". On the one hand, it is obvious that the impact of small businesses on the environment is a priori less than that of industrial giants and, on the other, the owners of small private enterprises count every penny and as no one else are interested in saving energy and resources and reducing environmental payments and, thus, minimizing these

impacts. It is essential for small businesses to become ecobusinesses. That is why timely support of their efforts in this direction is so important, as well as competent guidelines on how to accomplish this cost-effectively. Examples of experience from other sectors of the economy, regions and even countries is also essential.

## A Program of Changes for the Better

An instructive example of such support and training in starting one's own business with an account of environmental aspects is, in our opinion, the program "Changing Communities Right Now!" that is being carried out for two years by the Fund for Sustainable Development in the Volga Region (Gorodetsky Raion, Nizhny Novgorod Oblast) and the Ural Region (Nevyansky Raion, Sverdlovskaya Oblast) with support from the Citi Foundation.

The Program is implemented in collaboration with the NGOs Environmental Education and Information Center in Yekaterinburg and the Environmentally Efficient Technologies Center in Nizhny Novgorod and is targeted toward promoting sustainable community development through supporting small businesses and expanding the local labor market. The Program has become an appropriate effort in connection with the recent coming into effect of Federal Law # 131 “On the General Principles of Local Self-Government Organization in the Russian Federation” (2009).

Key Program Objectives:

Identifying priorities for community development;  
Small business needs assessment for adapting to changing market conditions;  
Training for first-time entrepreneurs in running a business that meets environmental requirements and advising them on business project development;  
Contests of business projects (awarding grants to best projects).

Under the Program, nearly 100 local residents wishing to start or develop their own business, as well as local municipal officials, were trained at four workshops where they learned the basics of operating in such areas as forestry, sustainable agriculture and ecotourism. Nearly 50 business projects prepared in the course of the training were submitted for the contest, of which 12 winners received small-business development grants. As a result, 12 small businesses were opened or upgraded and nearly fifty new jobs were created in this community.

Following are some outcomes of this Program.

### Nevyansk

A training seminar Start Your Own Business was conducted in this city to identify business-minded individuals and offer them the knowledge and skills they needed for starting a business and developing a business plan. The seminar was delivered by two trainers/consultants who used interactive techniques and individual approaches to the 20 participants. At

The Citi Foundation supports projects aimed at improving conditions of life, developing businesses and facilitating prosperity for communities throughout the world. Special attention is focused on programs in such areas as financing individual businesses; supporting small businesses that help develop communities and create new jobs; education and professional training for youth; and environmental protection with emphasis on support to sustainable businesses that create new jobs and promote regional economic growth and demonstrate environmental friendliness ([www.citigroupfoundation.org](http://www.citigroupfoundation.org)).



Sergey Myakshin's pavilion and shops in Nevyansk

the end of the seminar, the attendees presented their business plans, the best of which were recommended for further improvement and participation in the contest. The authors of the winning projects were awarded grants for organizing or modernizing their own businesses.

Thus, Sergei Maslikov, the author of the project “New Life of a Folk Craft” upgraded his pottery shop and began producing glazed tiles, a new product in this community. He also created one new job and is planning to create two more. The author of the project My New Life, Elena Arbuzova, opened a dressmakers shop for sewing large-sized garments for women.

The Fund for Sustainable Development (FSD) is an independent, nongovernmental and non-profit Russian fund created to implement projects aimed at addressing environmental issues and supporting socially responsible development processes in the Russian Federation ([www.fund-sd.ru](http://www.fund-sd.ru)).

## Regions and Cities



The team of Andrei Rogozhin is expanding the business of building wooden houses in Nevyansk and its environs

Elena Arbuzova opened a dressmakers shop, thus turning from a dressmaker working from her home into the head of a business with three employees.

The Program encourages projects that create jobs for rural residents and community members with limited physical abilities. For example, Aleksan Sarukhanian set up a small shop for producing tissue boxes in which he employs physically challenged persons.

Taxidermist Sergei Myakshin, who started his business (pavilion and shops) in 2009, has not only created several new jobs, but also organized charitable events for children. (Photo 1).

Andrei Rogozhin, who expanded his production of wooden houses, bathhouses and garden structures, has also created new jobs in Byngi settlement near Nevyansk. Under the Program, a hobby center Handmade was founded that is successfully managed by architect Svetlana Umetskaya and where traditional Ural-Siberian folk arts and crafts are being revived. To raise public awareness about them, two photo exhibitions were organized: “Wooden Ural Architecture – XXI Century” and “Old Time Nevyansk”. These exhibitions were instrumental in involving local youth into the movement of preserving old objects and family heirlooms and appreciating the value of traditional arts and crafts in our time. A contest of internet essays about small businesses was conducted among schoolchildren and students. As the Program proceeds, it is becoming obvious that it is changing people’s attitudes toward the concept of being an owner of one’s business or self-employed; young people are showing a greater interest in entrepreneurship and professions in demand on the market; and local owners of businesses are begin-

ning to assume social responsibility.

Nevyansk City Administration has launched a communications effort intended for youth and is advertising new small-business development initiatives in the city and raion. These changes for the better were also brought about by the annual creative festival of working youth that has been held in Nevyansk for the past 6 years following an initiative of local NGOs.

In 2010, Program activities included a continuation of training and consultations for entrepreneurs on the practical aspects of starting, running and developing a business in folk arts and crafts, the services and ecotourism.

In 2009-2010, a total of 40 residents who attended the two seminars organized by the Program prepared 40



Potter Sergei Maslikov from Nizhniye Tavolgi

business projects, of which 5 received grants, thus making it possible to create nearly 20 new jobs. The staff of the Environmental Education and Information Center wrote a brochure titled “Environmental Aspects of a Small Business” and the local Small Business Support Fund put out a booklet “For First-Time Entrepreneurs: Choosing the Form of Incorporation and the Tax System”.

## Gorodets

The Small Business Development Center in this city conducted training for local residents. Future plans include training for 30 community members during which they will develop business plans for their future businesses. A contest of grants for projects aimed at developing small businesses was also held here.



A master class in woodcarving for schoolchildren.

The project Apprentice School that involves youth into traditional arts and crafts is being carried out in the recently built unique tourist complex City of Craftsmen, which housed the very successful master classes for schoolchildren in traditional Gorodets wood carving and painting. In the future, such training will take place on a regular basis in this complex, which has become a kind of a calling card of Gorodets.

A local NGO, Gorodets Small Business Development Center, is successfully working on a new project Small Business School in Gorodetsky Raion, which included training for 30 unemployed community members from June through September 2010. The attendees developed business plans of their prospective businesses and presented them to a special commission at the raion administration. The authors of the best projects received budget funding for the fulfillment of their plans.

The famous Gorodets wood carving technique.



In 2010, under the Program, another successful contest of projects took place here that was organized jointly with the raion administration and was also aimed at developing small businesses. A working group consisting of local officials and independent FSD experts considered the projects. As a result, five projects have received support.

In view of the need to develop tourism in this raion, much attention is focused on projects of developing the local tourist infrastructure. One of them, aimed at reviving the local smith craft, has become, in essence, a pilot project linked to the activities of the recently built historical and tourist complex The Prince's City. Another project will include developing a new tourist route in the historical part of Gorodets titled "Chimney Adornments" and restoring these original adornments of chimneys on old houses. Thus, in the process of Program activities, traditional Gorodets arts and crafts are being revived, new jobs for local artisans are being created and the centuries-old city's appearance is being improved noticeably. In October, a colorful booklet "Artisans of Gorodetsky Raion" will be printed.

A creative center with an exhibition hall, where the works of Gorodets artisans and artists from other cities of Russia and abroad will be displayed, has appeared under the Program. The center will also promote the implementation of joint creative projects including sharing experience with colleagues from other regions of the country.

Much attention is also being paid to educational projects. Will the creative traditions of the city be further developed? Will the local youth become interested in continuing traditional arts and crafts? Many hopes are put on the recently built tourist center The City of Craftsmen. Under a project of developing this unique complex, well-known local artisans in such areas as Gorodets painting, embroidery, weaving and wood carving conducted several master classes for local schoolchildren. This kind of work will become a permanent activity of the complex. Even the first results of this work allow to conclude that there is a growing interest in traditional arts and crafts among local students and that new favorable conditions are being created for promoting youth creativity.