

STANDARD PROGRESS REPORT

No. and title: Innovative Income generating schemes and mechanisms are introduced

Reporting period: **January 2008-December 2008**

RESULTS

Global Compact

Below is the brief description of the current multi-stakeholder projects in progress:

Arts and Crafts Center for Disabled.

- **Main partners:** VivaCell, Pyunik
- **Status:** The project consisting of 3 different rounds/phases (renovation of premises in Yerevan, establishment of 4 classes in Gyumri, establishment of 4 classes in Yerevan) was started in May 2007 and is planned to be finished in March 2009 (according to the planned amendment in Grant Agreement).

The classes opened in Gyumri in June, 2008 are active and performing as planned.

Opening of new classes in Yerevan is delayed because the tenders for supplying the necessary inventory for the classes was not successful (there was no response to the tender announcements). It was decided to conduct a new tender.

Youth Career Trail Project 2.

- **Main partners:** Izmirlian Foundation (contributed \$10,000), USAID Competitive Armenian Private Sector (CAPS contributed \$9,000 and took responsibility to work with potential employers in the IT and tourism sectors of Armenia, conduct the selection of interns and arrange the internships.), 55 private companies
- **Main objective:** The project was designed to facilitate the transition of unemployed Armenian youth into the workforce by the provision of direct employment opportunities through internships at UN agencies, private sector and community-based organizations whose employment vacancies best matched the youths' skills sets.
- **Status:** GC office received 650 applications from youth. All applications were scanned, recorded to CDs and distributed to the companies for the further selection.
48 applicants were selected and sent for internships in 35 local companies/organizations in Armenia. 5 interns were already offered permanent positions by the host company.

Considering the different start points of the internships some of them will be finalized in December.

Main results: 96 fresh graduates passed the internship courses and obtained their first working experience. 33 of the interns were offered permanent positions.

Youth Career Trail Project 3.

Main partners – Armenia General Benevolent Union

Considering the effectiveness and the demand for the project by the fresh graduates in Armenia it was decided to implement another round of YCT initiative. The YCT 3 was started in August 2008. This round of the project is implemented specially for the youth/fresh graduates in regions/marzes of Armenia. In total 30 internships will be organized/supported through the project. The AGBU conducted a fund raising event in New York in July, 2008 to support the implementation of the project. In total \$6,000 was mobilized during the event through which salaries for 10 interns will be paid. The deadline for applications is set November 7, 2008. It is planned that the internships will start from December 1 and will be finished in May, 2009.

Milk Collection and Marketing Units.

- **Main partners:** UNDP Armenia, Center for Agribusiness and Rural Development, Ashtarak Kat Closed Joint Stock Company (The MoU among parties is attached)
- **Main objective:** The purpose of the project is to assist local dairy farmers from nearly 10 villages to establish milk collection and marketing units (owned by the farmers cooperatives) to organize milk collection and distribution process and contribute to the sustainable growth of the region. Each of the centers has capacity for collection of 1,600 liters of milk.
Status: On July 21, 2008 three milk collection centers established by Global Compact in cooperation with the PBC project of UNDP, CARD and Ashtarak Kat cjsc are launched and started collection of milk from 10 boundary communities in Tavush marz of Armenia. Eight new workplaces are created.

More than 300 people participated on the opening ceremonies, which were largely covered by the media.

Main results: Three milk collections centers established in Tavush marz will serve 10 communities and the total number of beneficiaries of the project is around 5,000. Eight new work places were created in the centers.

10 Best Classroom Projects 1.

- **Main partners:** UC Rusal
- **Main objective:** The project aims to involve schoolchildren from Yerevan in the implementation of the various projects related to improving their school life and learning conditions.
- **Status:** All of the 12 projects were implemented and finalized successfully. Monitoring by the project revealed no essential problems with the realization of the project. The projects were covered by the local newspapers and some of local TV channels. The GC project issued a brochure on the project. The official closure event of the project was held on September 4, 2008. The main results of the project are as follows:
 - Number of applicants - 40
 - Number of selected projects – 12 (4 environmental projects, 3 IT projects, 4 sport/cultural projects, 1- children rescue team project)
 - Budget per project – AMD 1 million (≈ \$3,125),
 - Number of beneficiaries - ≈ 2,000
 - Number of school children participated – 240
 - Number of partnering organizations – 17

10 Best Classroom Projects 2.

Based on the outstanding results of the first round the management of the UC RUSAL decided to continue implementation of the Best School Projects in Armenia. On September 4, 2008, the second round of the project was launched and the cost sharing agreement was signed between UNDP and UC RUSAL. According to the agreement the UC RUSAL will contribute \$50,000 for implementation of the project.

In total 27 applications were received from public and private schools of Yerevan. On October 29, twelve projects were selected by the experts to be financed. The contracts with the winner schools will be signed during November and the implementation of the projects will be started from December 2008.

Adopt and Revive Aghstev river in Armenia

- **Main partners:** Coca Cola, USAID, Dilijan municipality, Armenian water company, Community development project/UNDP Armenia.
- **Main objective:** Support the sustainable tourism in Dilijan city, addressing the protection of Aghstev river. In order to improve the environmental condition of Dilijan city and to fully use its economic potential the project recommends to stop the waste water leakage into the Aghstev river and therefore: to construct a waste water treatment wetland; to reconstruct part of the internal sewages network and the internal collector (2.3 km), and; to install the external water collector (1.5 km) that link the sewage network to the treatment plant.
- **Status:** The action plan for the implementation of the project is under development. The GC project will be actively involved in “soft” part of the project (PR, information dissemination etc.).

GC Policy Dialogues.

CSR Working Group

The working group consisting of GC Armenia, British Council, AmCham and Eurasia Foundation works through regular meetings. It is agreed that the group will initiate discussions and meetings on Armenian legislation relevant to CSR and PPP.

Series of business luncheons with the representatives of various sectors of Armenian economy were started in November 2009. The first meeting was held with the IT representatives of IT sector. The next luncheon will be held in December with the representatives of general manufacturing sector of Armenia.

Concept note on Public Private Partnership.

The GC project initiated the development of concept note on PPP for Armenia. An international expert/consultant was hired for the purpose and the note (finalized and agreed with stakeholders) was submitted to the Government for further discussions.

The concept note should serve as a basis for development/amendment of current Armenia legislation on PPP. The joint discussions with participation of government and private companies are expected to be held in December 2008/January 2009.

Global Compact/CSR Networks consolidated and sustainable beyond active UN coordination support

New signatories:

As of November six new organizations joined the GC during 2008.

GC/CSR capacity building/learning events

- A seminar on CSR: "A new role for businesses" was organized by GC Armenia in partnership with British Council, Eurasia foundation, and American chamber of commerce. The event was held on June 30 and more than 80 representatives from around 45 local/international companies participated on the conference. This 7-hour event featured two guest facilitators from the United Kingdom: Birgit Errath from the International Business Leaders Forum and Mallen Baker from Business in the Community. Ms. Errath, having an extensive experience with Global Compact put a large emphasis on GC as of a truly global initiative, which provides large opportunities in the field of CSR for private businesses. Two last sessions of the seminar were held in small group discussions during which there were revealed the areas/fields of common interest for private businesses in Armenia and around which the businesses may get together to initiate and implement PPPs. The seminar was largely covered by the local media (both TV and printed).
- Based on the results of the CSR seminar organized in June the team of the organizers (British council, American Chamber of Commerce, Eurasia Foundation, Global Compact project in Armenia) decided to conduct a series of individual interviews with the CEOs of 12 largest companies in Armenia to reveal their perception and plans in regard to CSR. All the interviews were finalized as of September 29 and based on the results of the interviews it was decided to organize sector meetings so as representatives of the same sector can share their views on the issue and find possible ways for cooperation. Finally it was decided to summarize all the activities of the group in 2008 with another large scale seminar to be held in November, in Yerevan.
- COP training for the GC participants in Armenia was organized in June. One day training was delivered by a local consultant (former GC broker who passed COP training for trainers in Barcelona). Representatives from 14 companies passed the training. After the training the first COP from an Armenian company was submitted. Other companies also confirmed that they are now ready to prepare and submit the COPs.
- Training on GRI/Non Financial Reporting was organized for GC participants in Armenia on October 27, 2008. The training was delivered by Teodorina Lessidrenska an international expert (one of founders of GRI). The one day seminar covered the issues such as sustainable development, CSR, GRI and GC and practical skills for non financial reporting.

CSR/GC awareness raising activities

- 6 TV series on Global compact Armenian network and CSR were developed and are broadcasted by one of the central TV stations (H2). The total duration of the TV program is 45 minutes.
- In September the GC project organized a roundtable meeting with the representatives of banking sector of Armenia. 7 banks were represented on the meeting at the level of deputy CEOs and/or PR/Marketing managers. During the meeting the GC broker in Armenia presented the UN Global Compact to the participants through a PP presentation. It was decided that the further works with banking sector will be directed through Banks' association of Armenia. Some of the banks requested concrete projects (PPPs) for discussion and possible participation.
- Two books (100 copies of each) were published in July and distributed among the GC participants in Armenia and other companies (potential GC participants): "Welcome Kit to GC / What to do after joining GC", "The practical Guide to the United Nations Global Compact Communication on Progress".
- A new brochure on GC Armenian network was printed in July, 2008.

"Support to SME Development in Armenia"

The "Support to SME Development in Armenia" Project has been implemented through four components with the main objective to improve services for small and medium enterprises at regional and local levels.

Activity 1.

Development of SME support mechanisms and strengthening the capacity of SME DNC

In the framework of this activity the Project has selected three local experts - on banking sector, on financial support provision and on legal issues for the implementation of research of equity financing

mechanisms, corresponding to local banking regulations, local market requirements and SME State Support program. The results incorporated in the report were presented to the Project in September 2008. The mechanism implementation will be incorporated in the 2009 SME State Support program.

SME DNC central, branch offices and regional representations staff training was implemented, for Financial and Consulting Support Programs officers, covering the following topics - Private equity – benefits and implementation mechanisms; Derivative instruments – forwards, options; Leasing and factoring services; Crediting procedures; Changes in tax legislation (updates); Franchising and re-branding; Basics of consulting. Another part of the training program was organised for SME DNC of Armenia regional branch offices directors and devoted to the accession of SME DNC of Armenia to Enterprise Europe Network (Enterprise Europe Network (EEN) - Introduction session, EEN electronic databases).

The training and consulting services for the development of investment plans were provided to the winners of the innovations contest implemented by the SME DNC of Armenia in collaboration with the Ministry of Economy of the RA.

Activity 2.

Cluster development and improvement of knowledge and business skills of start-up SMEs

In the framework of the second component of this activity ten programs were implemented in Lori, Aragatsotn and Gegharkunik, Ararat, Vayots Dzor and Syunik, Armavir, Kotayk and Shirak marzes of Armenia. The Programs were implemented by “Logicon development” Ltd, “3R Strategy” Ltd and “Trinity Partners” Ltd. The total number of participants constituted 136, 105 have presented their business plans. 39 new businesses have received State registration, creating 50 new work places. The tenth Program was implemented in Shirak marz especially for ICT start-up businesses. 15 start-up entrepreneurs have participated in the Program, 10 of them presented business plans.

In the framework of this activity “B&B cluster development pilot program” in Tavush marz of Armenia was implemented. 35 B&Bs were selected to be included in the cluster and have participated in the training course. As a result of the program implementation cluster development strategy is elaborated, B&B marketing center is established, web site is developed for the center. 5 participants of the program are already certified by the ministry of Economy according to the procedure of hotels certification and starting from 2009 will be presented at www.vrbo.com web site. These 5 participants have received loans.

Under Activity 2 the Revolving Fund to support the start-up business program participants in all marzes of Armenia established in November 2006, was further expanded in 2008. This component has been supported by DFID funding for Tavush and Gegharkunik marzes in 2006 and 2007. 37 Successful participants of start-up business support programs have received loans in 2008 in total amount of 33.7 mln AMD.

Activity 3.

Provide information, consulting and promotional services to the SMEs at central and regional level

The program “Provision of support to 60 beneficiary SMEs of SME DNC of Armenia for advertisement panels preparation, including design and making” was implemented.

In the frameworks of this activity a PR campaign on the SME DNC of Armenia Fund activities was implemented, including the development and broadcasting of advertisements on all regional TV channels on activities of regional branches as well as development and placing of banners in SME DNC of Armenia branch offices location centers indicating information about SME DNC regional offices.

The PR campaign on the SME DNC of Armenia Fund included the development and broadcasting of information TV programs on the Fund activity. These programs are planned to be developed in order to keep SMEs informed on general development in the sector, to give detailed answers to frequently arising questions and provide full spectrum of information on SME DNC activity and current support programs. The TV programs were developed and broadcasted three times a month on H2 TV channel, covering the SME DNC general activity, including regional branches activity as well as SME sector current developments. This campaign is to be implemented throughout the whole year. Paradise” Ltd has been selected for implementation of this program.

In the framework of this activity Information materials for SMEs were designed and published, including information flyers on 5 Support programs being implemented by the SME DNC of Armenia, SME DNC of Armenia General Information booklet-folder, folders, “The SME DNC of Armenia Annual report 2007” Reference Book.

Starting from 2008 the SME DNC of Armenia has become a member of Enterprise Europe Network as a host organisation. The main purpose of Enterprise Europe Network (EEN) is to support small and medium enterprises in the member countries to develop their innovation potential and become a participant of the entrepreneurship promotion processes taking place in European Union. Enterprise Europe Network proposes to the enterprises wide range one-stop-shop business services. This provides broad range of opportunities for development and internationalisation of entrepreneurial activity. At present Enterprise Europe Network functions in 27 Europe member states, in candidate

countries Turkey and Macedonia, in European Economic Zone Norway and Iceland? The beneficiary small and medium enterprises will be provided comprehensive support in the following directions: provision of information on European Union policy, legislation, standards, possible financial sources, opportunities for business cooperation and other EU related general issues; support to companies for finding new business cooperation direction, marketing research and search for potential partners; support in negotiations and signing of contracts; support enterprises to estimate own readiness and opportunities for operating in international markets; support innovative SMEs in testing and commercialization of their innovations; provision of feedback, respond to the issues raised by the enterprises. The presentation of the Enterprise Europe Network has taken place on 20 June, 2008. The project has provided support to SME DNC in terms of promotion of the EEN in Armenian market.

Modernization of Vocational Education and Training (VET) System in Armenia

Results by activities (www.vet.am):

Activity 1: Establishment of enabling conditions for the selected VETIs (rehabilitation works and equipment):

1. Lay out of educational orchard at Nor Geghi State Agricultural College
2. Procurement and set up of welding laboratory at Yerevan State Industrial College
3. Procurement and installation of construction laboratory at Yerevan State Industrial College
4. Renovation of lobby at State Hrazdan College

Activity 2: Enhancing VET content

Development, Publication, and Presentation of 9 Educational-Didactic Packages:

Publication of Manual on Professional Pedagogy for VET faculty

1. Publication of Manual on Professional Pedagogy along with short-term training program (issue-2000 units)
2. Development and Publication of II-volume Manual on Electro-Welding with CDs (issue 1000 units)
3. II-volume Manual on Exploitation of Agricultural Machinery with CDs (issue: 1000 units)
4. Manual on Basics of food Expertise with CD (issue: 500 units)
5. Two separate Manuals for Construction with CDs (issue: 1000 units)
6. Manual for Waiters with CDs (issue: 500 units)
7. Country-wide VET sector PR campaign introducing VET system opportunities, role, functions, and direct linkage to the labor market
8. Project activities and outputs highlight at Educational and Career Fair-2008

International Policy Advice:

1. Development and translation of as well as follow up Draft Life-Long Learning (LLL) Concept and Draft Law on Adult Education to support educational and employment legal environment in Armenia

Capacity Building for Policy Makers, VETIs Faculty and VETIs Students:

1. One-week training program based on Professional Pedagogy Manual for 300 VET faculty across the country
2. LLL 3 workshops for educational and employment policy makers, representatives from trade unions, NGOs and Chambers of commerce (50 people) conducted by the international expert
3. Study tour on VET best practices for 10 VET policy makers and implementers
4. Dissemination workshop for 30 concerned stakeholders on VET policy developments and VET Project results

Fund raising campaign

Third Party Agreement with Denmark Government for VET support is about to be signed

1. Co-financing opportunities for Sevan State College infrastructure rehabilitation were agreed with RA Government
2. Negotiations with Norwegian Government to continue VET sector support is underway

MAIN RESULTS IN BRIEF:

1. 9 Educational Didactic Packages comprising Competency-Based State Qualification Standard, Modular Program, and Manual (www.vet.am)
2. Facilities upgrade of 3 VET Colleges: Yerevan State Industrial College (set-up of two technical laboratories for welding and construction specialties); Nor Geghi State Agricultural

College (planting of educational orchard as an open air educational laboratory), and State Hrazdan College (renovation of lobby)

3. Contribution to the legal environment of VET and Employment sectors: draft Lifelong Learning (LLL) concept and draft Law on Adult Education
4. Capacity building: one-week training program on Professional Pedagogy for 300 VET faculty across the country; one-week study tour on best European VET practices for both VET policy makers and VET policy implementers; 3 Workshops on Life-Long Learning concept and legal environment in adult education for 50 key actors in the field of education and employment; 1 Dissemination Workshop for 30 key stakeholders in VET sector
5. Country- wide VET sector PR campaign highlighting VET sector's main opportunities, role, functions, and direct linkage to the labor market
6. Total number of students and faculty directly benefiting from the VET Project activities is 3,173 including 370 trained VET staff and VET policy makers