

PROGRESS REPORT

00039243, “Support to SME Development in Armenia”
01.01.09-31.12.09

I. PURPOSE

The main objective of the “Support to SME Development in Armenia” is to support the implementation of the SME State Support Program and to introduce/to improve business support services to small and medium enterprises at regional and local levels. The main activities of the program namely: Development of SME support mechanisms and strengthening the capacity of SME DN; Cluster development and improvement of knowledge and business skills of start-up SMEs; Provide information, consulting and promotional services to the SMEs at central and regional level directly relate to the introduction of innovative income generation schemes and mechanisms and support the adoption of the public investment framework and establishment of the new small and medium enterprises at local and regional levels, in its turn contributing to the increase of employment and business opportunities for the poor and socially disadvantaged by helping to create an enabling environment that promotes market access and strengthening their capacity to contribute to the country’s growth by raising awareness, enhancing business and public skills and increasing participation in the economic development of the country. The main implementing/executing partner for the Program component is Small and Medium Entrepreneurship Development National Centre considering its mandate, capacity and achievements in supporting SME sector and the role and strategic importance of the SME sector in the country’s economic growth, creation of new jobs and improvement of living standards of the population.

II. RESOURCES

Total: 400,000.00 USD
Government (SME DNC) – 200,000.00 USD
UNDP – 200,000.00 USD

III. RESULTS

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 frameworks of this activity the implementation of Equity financing program for SMEs was supported. Equity financing mechanism was developed within the scope of 2008 Project Work plan and incorporated in 2009 SME State Support Program. In the scope of this activity Investment plans were developed for 3 companies correspondingly and presented to SME DNC for implementation of Equity Financing Program. By appointment of the Government of the Republic of Armenia at the end of 2008 the SME DNC has collected 10 programs from the regions of the country, which were also covered by the Equity Financing Program in 2009. Investment plans were developed correspondingly and presented to the Government of the RA for implementation of the Program.

Under this activity it was planned to support R&D activities of SMEs, for which the “Provision of technological audit, training, promotion of innovation ideas, guidance to technological

cooperation and development of manual for SMEs” Program was implemented. As a result of program implementation Manual on “Protection of Intellectual Property Rights” for SMEs was developed. “Implementation of matchmaking activities for SMEs in the frames of the Enterprise Europe Network” Programs is another assignment implemented under Activity 1. Through implementation of the program organizational works to assist 20 local companies in contact with potential European partners were implemented.



In the scope of Activity 1 it was planned to support strengthening the capacity of SME DNC of Armenia under which technical support was provided.

Activity 2.

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

In the framework of this activity “B&B cluster development program” was implemented in Lori marz of Armenia. Start-up B&B companies from Stepanavan, Alaverdy and Vanadzor cities participated in the program. 53 beneficiaries participated in the training and individual consulting sessions, including 34 B&B, 10 hospitality services providing companies and 9 marketing specialists, which have passed corresponding trainings. As a result of program implementation cluster development strategy is elaborated. 4 B&Bs and Marketing Center have received state registration as individual entrepreneurs. 5 participants of the program are already certified by the Ministry of Economy according to the procedure of hotels certification and 6 have received loans.

In the framework of the second component of this activity nine programs were implemented in Tavush (Noyemberyan city), Kotayk (Charentsavan City) and Gegharkunik (Sevan city), Shirak (Gyumri city), Aragatsotn (Talin city) and Armavir (Armavir city), Ararat (Artashat city), Vayots Dzor (Jermuk city) and Syunik marzes (Goris, Sisian cities and Karmrakar village) of Armenia. The total number of participants constituted 195, 161 have presented their business plans. 45-50 new businesses have received State registration, creating 98 new work places.

Under this activity the Revolving Fund to support the start-up business program participants in all marzes of Armenia established in November 2006 was expanded in 2007 and 2008. 63 successful participants of start-up business support programs, of which 7 of the programs implemented in 2008 have received loans in 2009 in total amount of 78.4 mln AMD (average loan amount 1.4 mln AMD), guarantee amount constituted 93.5 mln AMD.

Another component under this activity was “Implementation of Trainings and Development of Brochure on Amendments in Tax Legislation for SMEs in all marzes of Armenia” program, as a result of which a brochure was developed for SMEs on recent amendments in tax legislation and 160 SMEs were made aware on the relevant changes taken place in that sphere.

Activity 3.

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

In the framework of this activity Information materials for SMEs were designed and published, including SME DNC of Armenia General information booklet, folders, “The SME DNC of Armenia Annual report 2008” Reference Book.

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

In the framework of PR campaign on the SME DNC of Armenia Fund information TV programs on the Fund activity were developed and broadcasted. These programs were 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 are 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 was implemented throughout whole year.

In the frameworks of this activity it is planned to support the delivery of market promotion services to SME, under which participation of 12 Armenian SMEs in b2fair, Hannover, Germany was organised.



IV. FUTURE WORK PLAN

The works in 2010 are planned to be executed in line with SME State Support Program 2010, through following activities:

- 1. Development of SME support mechanisms and strengthening the capacity of SME DNC**
- 2. Cluster development and improvement of knowledge and business skills of start-up SMEs**
- 3. Provide information, consulting and promotional services to the SMEs at central and regional level**
- 4. AWP implementation, monitoring and coordination**

Put high priority to more coordinated cooperation with partners and donor organizations.

V. FINANCIAL IMPLEMENTATION

Budget 2009	400,000.00 USD
UNDP	200,000.00 USD
SME DNC	200,000.00 USD
Expenditures	
UNDP	191,276.00 USD
SME DNC	199,684.00 USD