

## **Activities of SME Development National Center of Armenia, carried out in the framework of the “Small and Medium Entrepreneurship State Support Program for 2010”**

The steps undertaken by SME DNC of Armenia in 2010 have been directed towards the implementation of SME sector development programs and corresponding state support activities, enhancement of mechanisms for the realization of the mentioned above, as well as towards elaboration and implementation of new programs.

150,0 mln AMD have been allocated from the RA State budget 2010 for the implementation of Small and Medium Entrepreneurship State Support Program for 2010. Besides, about 122 mln AMD have been attracted in the frameworks of cooperation with international and foreign organizations.

***In the framework of SME State Support Program 2010 3,766 start-up and operating SMEs have received the support from SME Development National Center of Armenia, 1,136 of which received the support by more than one direction. The support has been provided in loan guarantees provision, support to start-up businesses, goods and services market promotion, introduction of innovations and modern technologies, training, information and consulting directions. 73.2% of SMEs (or 2,758) have received the support of the SME Development National Center of Armenia for the first time. In total 8,379 support applications by above mentioned directions were satisfied by the SME Development National Center of Armenia.***

<b>Support direction</b>	<b>Number of support applications satisfied in 2010</b>
<b>Information and consulting support</b>	<b>6872</b>
<b>Training support</b>	<b>1266</b>
<b>Start-up businesses support</b>	<b>130</b>
<b>Start-up businesses financial support</b>	<b>30</b>
<b>Goods and services market promotion</b>	<b>49</b>
<b>Partial subsidizing of credit interest rates</b>	<b>3</b>
<b>Loan guarantees provision</b>	<b>13</b>
<b>Support provided in the framework of Enterprise Europe Network Correspondence Center activities</b>	<b>16</b>
<b>Total</b>	<b>8379</b>

Out of the mentioned quantity 21.2% of SMEs operate in Yerevan, and 78.8% in the marzes of Armenia, of which 71.3% function in remote and boundary rural and urban communities out of the SME Development National Center of Armenia branch offices location cities.

Sector distribution of the supported SMEs is the following: manufacture – 29.7%, services – 27.4%, trade – 38.3%, construction – 4.2%.

### 1. Strengthening the capacity of SME Development National Center of Armenia central and regional branch offices and expansion of their activity

Activities on raising the logistical support of SME Development National Center of Armenia central and branch offices, development of professional skills of branch offices staff, as well as towards enhancement of cooperation with business support organizations in marzes, projects implemented by international organizations and local self governing bodies have been carried out in 2010.

As a result of tender taken place with the view of selection of SME DNC of Armenia’s partner organizations, it was selected specialized organizations implementing consulting, training, goods and services market promotion support programs. Particularly, it was selected “Grant Thornton Amyot” CJSC as an organization auditing the financial-economic activity of SME DNC of Armenia.

Representatives of SME DNC of Armenia’s central and regional offices staff have participated in the trainings, conferences and meetings held in Austria, Belgium, Albania and Germany. Besides, refresher trainings were organized for staff of SME DNC of Armenia’s regional offices on topics “Financial analysis” and “Business consulting”.

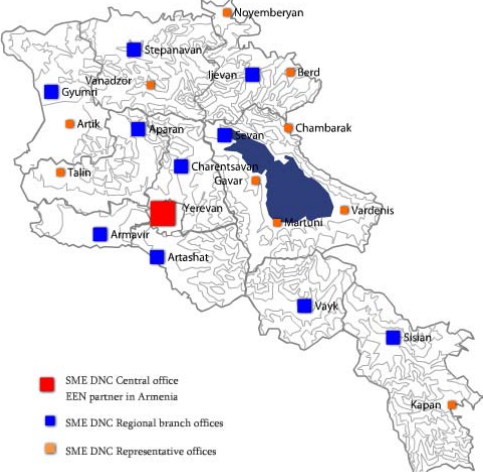
Works on processing of complains, requests and proposals received by “Hot-line” have been continued in 2010.

Periodical meetings with heads of branch offices and the branch offices staff members responsible for separate program directions implementation in the marzes, have been organized once a month at the SME DNC of Armenia Central office, in order to clarify mechanisms and details of implemented programs, analyze the process of those implementation and discuss the measures to be undertaken for solution of main problems related to SME development existing in the marzes. During the reporting period, numbers of discussions have been organized by branch offices of SME DNC of Armenia in urban and rural communities of the marzes with operating and start up SMEs, local self governance bodies, business services providing organizations, representatives of banks and other structures, during which support programs implemented by SME DNC of Armenia and procedures to make use of them have been presented, where SMEs have also been provided with relevant information materials and necessary consulting support.

On September 10<sup>th</sup> of 2010, the Memorandum of Understanding was endorsed concerning cooperation between SME Development National Center of Armenia and Bulgarian SME Promotion Agency. The Memorandum of Understanding’s purpose is provision of support through SME Development National Center of Armenia and Bulgarian SME Promotion Agency for development of bilateral cooperation between Armenian and Bulgarian SMEs, as well as expansion of lasts partner relations.

During the reporting period, the technical project on “Development of local production and home brand promotion” was elaborated by SME Development National Center of Armenia and it has been presented to Japan International Cooperation Agency. The implementation of the project will enable to study and apply Japanese experience for local economic development, as well as to realize a pilot project coordinating by international experts.

**SME DNC of Armenia’s branch offices network**



## 2. Financial and investment support to SMEs

During 2010, in the framework of the Loan guarantees provision program loan guarantees in total amount of 63.5 mln AMD were provided to 13 SMEs, ensuring 136.3 mln AMD credit portfolio. Total amount of credit obligations for 13 SMEs received support has made 171.3 mln AMD.

The average amount of the loans provided to SMEs in the framework of the program has made 10.5 mln AMD, the average amount of the loan guarantee has made 4.8 mln AMD, the average interest rate of provided loans has made 16.1 %. The average security of guaranteed loan obligations provided to SMEs in the framework of the program has made 42.8 %. The loan guarantees have been provided through the following partner banks of SME Development National Center of Armenia: ACBA-Credit Agricole bank (6), Anelik bank (1), Ardshinvestbank (1), Inecobank (3), Armbusinessbank (2). Regional distribution of provided guarantees is as follows: Armavir – 1, Lori – 2, Kotayk – 1, Shirak – 5, Syunik – 2, Vayots Dzor – 2.

The classification of received applications according to sequential stages is described below:

<b><u>Applications, which are met and received loan guarantees<sup>1</sup></u></b>	<b><u>13</u></b>
<b>Applications rejected by bank and consequently by credit commission<sup>2</sup></b>	<b>2</b>
<b>Applications rejected by SME Development National Center of Armenia and sent for additional clarifications</b>	<b>4</b>
<b>Applications presented by beneficiaries, who afterwards refused from further crediting<sup>3</sup></b>	<b>2</b>
<b>Applications in the processing stage</b>	<b>7</b>
<b>Total number of applications</b>	<b>23</b>

In the frameworks of Loan Guarantees Provision Program, 370 SMEs were provided for guarantee of 1.51 bln AMD in the period of 2004-2010 (as of 01.12), thus ensuring 2.8 bln AMD credit portfolio. Total amount of credit obligations for 370 SMEs received support has made 3.5 bln AMD.

### Loan guarantees provision program indicators

*Regional distribution of provided guarantees in 2010*

/AMD/

<b>Marz</b>	<b>Quantity</b>	<b>Loan</b>	<b>Loan obligation</b>	<b>Guarantee</b>	<b>% of security</b>	<b>Average credit interest rate</b>	<b>Average term (month)</b>

<sup>1</sup> 2 of applications received the guarantee has been accepted in 2009

<sup>2</sup> 2 applications are accepted in 2009

<sup>3</sup> 1 application is accepted in 2009

<b>Armavir</b>	1	11.000.000	14.316.348	10.000.000	69.85%	18%	36
<b>Lori</b>	2	14.000.000	16.965.691	11.180.000	65.03%	15%	30
<b>Syunik</b>	2	17.000.000	21.081.566	8.765.300	42.9%	15%	36
<b>Kotayk</b>	1	30.000.000	38.504.952	5.000.000	12.98%	17%	36
<b>Shirak</b>	5	24.300.000	30.993.575	10.900.000	40.7%	16.7%	36
<b>Vayots Dzor</b>	2	40.000.000	49.406.635	17.606.650	38.4%	15%	36
<b>Total</b>	13	136.300.000	171.268.767	63.451.950	42.8%	16.1%	35

***Years of provided guarantees***

***/AMD/***

	2004Ă.	2005Ă.	2006Ă.	2007Ă.	2008Ă.	2009Ă.	2010Ă.
<b>Guarantees</b>	25.5	197.6	342.2	375.7	213	246.5	63.5
<b>Credit</b>	47.3	366.1	628.1	722.7	391.1	435.2	136.3

***Bank distribution of guarantees provided in 2010***

<b>Bank</b>	<b>Quantity</b>	<b>Credit</b>	<b>Loan obligation</b>	<b>Guarantee</b>	<b>% of security</b>
<b>ACBA – Credit Agricol bank</b>	6	62.800.000	80.608.522	22.400.000	33.6%
<b>Anelik bank</b>	1	5.500.000	6.844.000	3.500.000	51.1
<b>Ineco bank</b>	3	20.000.000	24.559.610	13.680.000	54.3%
<b>Armbusinessbank</b>	2	40.000.000	49.406.635	17.606.650	38.4%
<b>VTB-Armenia bank</b>	1	4.500.000	5.298.612	3.000.000	57.0%
<b>Ardshininvestbank</b>	1	8.000.000	9.850.000	6.265.300	63.6%
<b>Total</b>	13	136.300.000	171.268.767	63.451.950	42.8%

**2.2.2 Program for partial subsidizing of credit interest rates**

During 2010, in the framework of pilot program for “SME lending promotion through partial subsidizing of credit interest rates in the settlements stipulated by the decree N 1017-N of the Government of Armenia dated 14.07.05 on “Defining the lists of remote, boundary, high mountainous, mountainous, having up to 1000 habitants rural settlements”, 5 applications for subsidizing were presented to SME Development National Center of Armenia from Tavush marz, and 3 of these applications were satisfied. Total amount of subsidy will constitute 1.077 thousand AMD.

The program is completely financed from incomes generated by the SME Development National Center of Armenia activity and is applied as additional instrument for SME crediting stimulation. The program has a limited application.

### **2.2.3 Equity Financing Program**

During 2010, the activities were continued for finalizing of activities results implemented during 2009 by “Sorcio” CJSC, “Marketing&Management 360” CJSC and “Golden Goat” CJSC, which have received financing in the framework of Equity Financing Program.

Starting from 2010 Equity Financing Program has been implemented by “SME Investments” UCO CJSC.

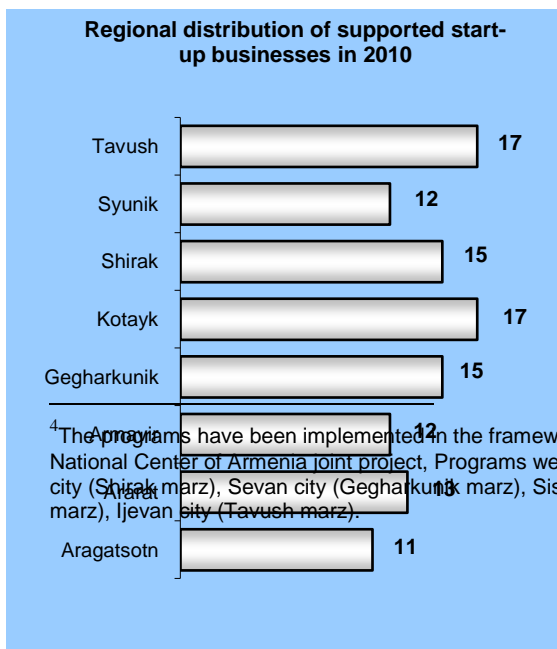
### **3. Support to start-up businesses**

During the reporting period, 9 Start up Business Support Programs<sup>4</sup> (hereinafter Project) were implemented in the marzes of the RA.

In whole 297 start-up entrepreneurs have applied for participation to the program, of which 130 were selected. 32 participants or 24.6% have received the state registration and started their activity, 9 or 6.9% of are in the process of receiving the state registration, and 89 or 68.5% are in the process of development of their ideas.

In whole 34 start-ups have received state registration and started activity in 2010, of which 2 were participants of the programs implemented in 2009. The main part of the registered - 32 have been registered as individual entrepreneur.

During the reporting period, sector distribution of start-up businesses received state registration and started activities is as follows: production - 42.0%, service - 42.0%, trade - 15%.



The regional distribution of those received support in the framework of the program is the following: Aragatsotn marz - 11, Ararat marz - 13, Armavir marz - 12, Gegharkunik marz - 15, Lori marz – 18, Kotayk marz - 17, Shirak marz - 15, Syunik marz – 12 and Tavush marz - 17.

The Revolving Fund established for financial support provision to Start-up Business Support programs participants has been

<sup>4</sup>The programs have been implemented in the frameworks of “Support to SME development in Armenia” UNDP/SME Development National Center of Armenia joint project. Programs were implemented in Aparan city (Aragatsotn marz), Artashat city (Ararat marz), Artik city (Shirak marz), Sevan city (Gegharkunik marz), Sisian city (Syunik marz), Armavir city (Armavir marz), Charentsavan city (Kotayk marz), Ijevan city (Tavush marz).

extended in 2010 from the resources of “Support to SME development in Armenia” UNDP/SME DNC of Armenia joint project in amount 9.6 AMD thus constituting 142.8mln AMD.

**Financial resources provision terms:**

<b>Amount</b>	<b><u>2 mln AMD maximum</u></b>
<b>Annual interest rate</b>	<b><u>12%</u></b>
<b>Term</b>	<b><u>3 years maximum</u></b>
<b>Repayment order</b>	<b><u>Monthly equal repayments</u></b>
<b>Collateral</b>	<b><u>Guarantee provided by SME DNC of Armenia (100%)</u></b>
<b>Target group</b>	<b><u>Start up businesses</u></b>

During the reporting period, 30 of start-ups presented the most realistic business plans have received financial support in the reporting period, of which 5 are participants of the 2009 programs. The total amount of provided loans has constituted 44.9 mln AMD, the guarantee of SME Development National Center of Armenia – 53.5 mln AMD. Loans have been provided through ACBA Credit Agricol bank.

The average guarantee amount provided to the start-ups in the frameworks of the program has constituted 1.8 mln AMD, the average loan amount –1.5 mln AMD, the repayment of loans is 100%.

**Regional distribution of financial support provided in the framework of “Start-up Business Support program” in 2010**

**AMD**

Marz	Quantity	Loan amount	Guarantee amount
Aragatsotn	2	3,900,000	4,665,698
Ararat	5	8,373,000	9,909,229
Armavir	1	1,700,000	2,033,766
Gegharkunik	1	2,000,000	2,392,666
Lori	4	6,500,000	7,776,165
Kotayk	3	3,160,000	3,780,415
Shirak	3	4,855,000	5,808,196
Syunik	2	3,300,000	3,945,860
Vayots Dzor	4	5,500,000	6,579,833
Tavush	5	5,563,500	6,655,801

Total	30	44,851,500	53,547,629
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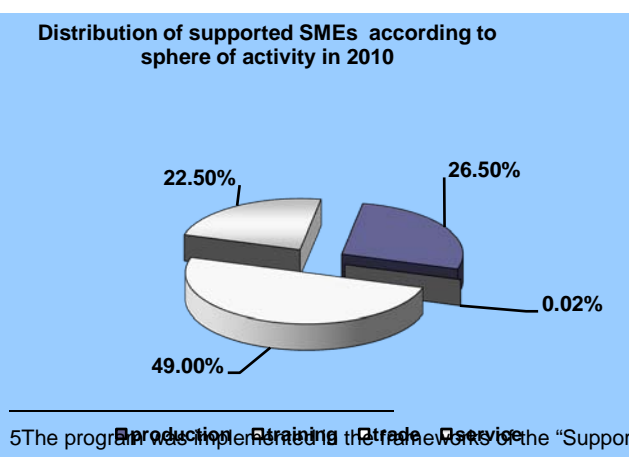
In order to promote the development of the B&B services in the regions of the country “B&B cluster development programs” were implemented in Vayots Dzor<sup>5</sup>. The representatives of B&Bs and other hospitality services providing start-up companies have participated in the program. Particularly 71 beneficiaries from Jermuk, Vayk, Eghegnadzor cities and Malishka village have been selected for participation in the program. All participants have passed corresponding training. Cluster development strategy has been developed, marketing centers for B&Bs have been established. 4 of program participants have received state registration and were presented to qualification, according to the qualification procedure set for hotel services providing institutions.

#### 4. Market promotion of goods/services produced by SME units

Packaging, design, labeling, development of web-sites, food safety management system certification (ISO 22000:2005), as well as SMEs participation to exhibitions and fairs were supported in the frameworks of market promotion of goods and services produced by SMEs program direction during 2010. SMEs have been provided with consulting support for implementation of products’ packaging, design, labeling processes in correspondence with norms defined by the legislation. 49 SMEs have received support within the framework of the program. The distribution by type of support is the following:

Type of support	Number of SMEs
Product packaging, labeling, design and advertising	39
Development of websites	4
Participation to exhibitions	5
Food safety management system certification (ISO 22000:2005)	2
Management information system installation	1
<b>Total</b>	<b>49</b>

Regional distribution of SMEs received the support is the following: Aragatsotn - 4, Ararat - 3, Armavir - 8, Gegharkunik - 5, Lori - 6, Kotayk - 8, Syunik - 2, Vayots Dzor - 7, Tavush – 2, Shirak – 3, Yerevan – 8.

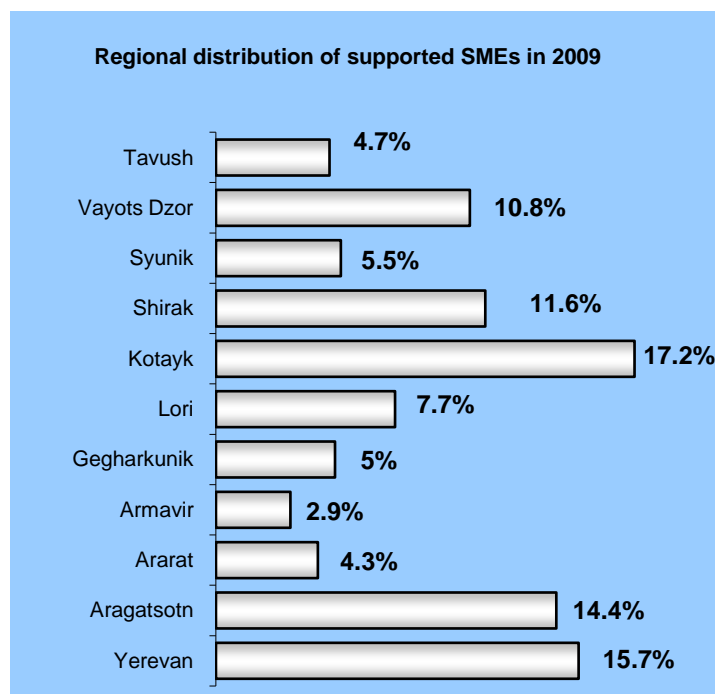


Sector distribution of SMEs received support in this direction is the following: production – 26.5%, services – 22.5%, trade - 49% and training 2%.

<sup>5</sup>The program was implemented under the framework of the “Support to SME Development” UNDP/SME DNC joint program.

## 5. Information and consulting support

In the framework of the program, during 2010 it has been provided necessary information and consulting support on legislative amendments, acquiring of assembly lines, equipment and raw materials, search for business partners abroad and establishment of business contacts, fund raising, development of business and investment plans, accounting, custom procedures and submission of reports.



During the reporting period, 6872 applications of start-up and operating SMEs received in the frameworks of information and consulting support program have been satisfied, of which 21 - required specialized consulting services. The regional distribution of SMEs received the support is the following: Aragatsotn - 992, Ararat - 297, Armavir - 217, Gegharkunik - 347, Lori - 522, Kotayk - 1220, Shirak - 785, Syunik - 364, Vayots Dzor 740, Tavush - 331, Yerevan - 1057.

Sector distribution of SMEs received support in this direction is the following: production - 28.6%, services - 47.6% and trade -23.8 %.

21 SMEs were supported in the frameworks of the specialized consulting services provision program. Regional distribution of supported SMEs is as follows: Aragatsotn - 3, Gegharkunik - 8, Lori - 1, Kotayk - 8, Shirak - 3, Syunik - 2, Tavush marz - 5, Yerevan - 7. The support was provided through organizations selected by tender procedures according to applications presented by SMEs.

<b>Type of support</b>	<b>Number of SMEs</b>
<b>Development of business and investment plans</b>	<b>4</b>
<b>Tax and accounting consulting and preparation of financial and tax reports for 2010</b>	<b>14</b>
<b>Consulting on obtaining the qualification of B&amp;B</b>	<b>3</b>
<b>Total</b>	<b>21</b>



For the purpose of making clarifications on issues related to tax legislation and tax administration, the activities have been continued in the direction of consulting provision for entrepreneurs through the “Hot Line” operating in SME DNC of Armenia and interactive consulting component (forum) at the web-site of SME DNC of Armenia. The entrepreneurs were enabled for presenting problems/issues on tax and custom legislations and receiving appropriate clarifications, as well as get necessary consulting support according to the current procedures of SME DNC of Armenia.

During the reporting period 381 inquiries have been presented to the SME DNC of Armenia through the “Hot line” initiative and interactive consulting component (forum) placed at the web-site of the SME DNC of Armenia. 299 of received inquiries were referring to tax legislation and administration, 53 - to customs legislation and administration, and the rest 29 to other areas of business activities.

During the reporting period, it has been published the 6-th edition of the reference book on “Small and Medium Entrepreneurship Support Programs and Business Services Providing Organisations”, “Small and Medium Entrepreneurship in Armenia in 2007-2009” statistical reference book in English and Armenian, 4-th edition of business guidance on “How register Your business”, as well as “Report on Activities of SME Development National Center of Armenia Fund implemented in 2010” in Armenian and English, and number of other informational materials as well.

During 2010, the activities have been continued for presentation of SME DNC of Armenia’s activities.

Particularly, 35 TV programs of “SME bulletin” series of programs were developed and broadcasted on H2 Armenian TV channel in 2010 (of which 11 programs were rebroadcasted). Programs covered the activities of SME Development National Center of Armenia, its basic program directions, current activities and implemented actions.

Number of programs were devoted to cooperation and joint activities with UNDP, OSCE office in Yerevan, Matchmaking Facility Programme/MMF Programme and Private Sector Investment Programme/PSI implementing by Dutch Agency for International Business and Cooperation (EVD), Memorandum of Understanding signed between SME Development National Center of Armenia and SME Development Agency of Bulgaria, as well as Memorandum of Understanding endorsed with municipality of Gegharkunik Marz of RA, activities and services provided by Enterprise Europe Network Correspondence Center in Armenia, exceptional opportunities allowed by “Shanghai Expo 2010”, trade fair taken place in Donetsk city, Ukraine, official opening ceremony of Trade Academy organized jointly with HSBC Armenia Bank.

A separate program was dedicated to amendments on “SME state support” Law of the RA, particularly concerning specification and development of SME standards.

On November one of the programs was devoted to Decree by the Government of the RA according to which the inspections barrier was prolonged for organizations with turnover consisting up to 70 mln, as well as it was presented introduction of inspection system based on risk for entrepreneurs.

All programs of “SME bulletin” are presented in the SME DNC of Armenia web site ([www.smednc.am](http://www.smednc.am)) in the respective division.

Besides TV programmes, number of interviews with Executive Director of SME DNC of Armenia were presented concerning the problems in SME sector and activities implementing the Fund as well.

In addition to TV programs number of articles and publications were presented in the printed media, in information agencies news bulletins, as well as in analytical programs (series of programs of the Government of RA, “H1”, “Public Radio”, “ARKA”, Arminfo, Armenpress, Mediamax news agencies, “Hayastani Hanrapetutyun”, “Aravot”, “Golos Armenii”, “Capital”, “Economica”, Photolur, Radiolur, [www.banks.am](http://www.banks.am),

[www.finport.am](http://www.finport.am), [www.panorama.am](http://www.panorama.am), [www.banker.am](http://www.banker.am), [www.aysor.am](http://www.aysor.am), [www.hayernaysor.am](http://www.hayernaysor.am), [www.panarmenian.net](http://www.panarmenian.net), [www.b24.am](http://www.b24.am), [www.news.am](http://www.news.am) and others).

Throughout the reporting period, entrepreneurs were aware monthly through EEN Electronic Newsletters presenting both business proposals and other events taking place in different countries.

## 6. Training support to SME units

1266 SME representatives have received the support in the framework of training support program in 2010, participating in 44 training courses on “Amendments in Tax legislation of the RA”, “Labor Code of the RA”, “Financial and tax reporting”, “Staff management” “Accounting international standards”, “Custom procedures”, “Accounting”. Out of this number 694 representatives of start-up and operating SMEs have participated in 27 trainings held for on information and clarification on amendments in RA legislation, which were organized in Accounting center, in the frameworks of training support program, as well as information on business related laws and legal acts and corresponding amendments to them were continuously provided to 541 SMEs operating in the regions of the RA during the 20 informational/training “Open Doors” events.

Training topics	Number of participants
Clarifications on the Tax legislation of the RA	971
Clarifications on Labor code of the RA	50
Accounting and financial reporting	44
Accounting	2
“International Accounting standards”	126
“Staff management”	22
“Custom procedure”	50
Accounting for start-up, economic law and financial management	1
<b>Total</b>	<b>1266</b>

The regional distribution of supported SMEs is the following: Aragatsotn - 46, Ararat - 22, Armavir - 26, Gegharkunik - 77, Lori - 68, Kotayk - 43, Shirak - 65, Syunik - 48, Tavush - 78, Yerevan - 697.

The sector distribution of supported SMEs is the following: trade – 5 (23.8%), production – 6 (28.6%), services – 10 (47.6%).

## 7. Enterprise Europe Network

Throughout the reporting period, in the scope of EEN activities, the actions were carried out for dissemination of information on the activities of EEN in Armenia, as well as establishment of partnership between Armenian and foreign entrepreneurs, supplementation of business cooperation database,

establishment of relations among EEN partner organizations, cooperation expansion, information exchange and other directions.

Aiming to enable opportunities provided in the frameworks of this initiative as far as possible to great number of small and medium enterprises, Enterprise Europe Network Correspondence Center in Armenia (EENCCA) in cooperation with business associations and international organizations has organized number of meetings and discussions in 2010, presenting EEN activities and opportunities granted by it among businesses for raising the level of awareness on EEN activities and increasing the number of client companies.

Moreover, information on EEN activities has been disseminated also through TV programs broadcasted in the framework of "SME bulletin" program and web-site of SME DNC of Armenia, where have been placed 35 new business cooperation proposals, as well as 10 technological offers and requests directed to Armenian entrepreneurs.

The 12 electronic newsletters of EEN Correspondence Center in Armenia (of which 4 were also in Armenian) has been developed and disseminated among SMEs, the recipient number of which exceeds 800. The e-newsletter is comprised information on activity of Correspondence Center, business cooperation proposals and business events planning abroad. Besides business proposals, there were published technological offers and requests from abroad in 11 and 12 number of e-newsletters. The e-newsletter have been disseminated mainly among entrepreneurs, business services providing organizations, business unions and associations.

For the purpose of business cooperation establishment, 16 business cooperation profiles of SMEs operating in Armenia placed at EEN business cooperation database. At present, 2 business offers are in the process of elaboration.

There are presented, in sum, 57 business cooperation profiles of SMEs at the business cooperation database of Armenia, which raised interest among companies from Italy, Portugal, Bulgaria, Sweden, Slovenia, Lithuania, Russia, UK, USA, Spain, Germany, Hungary, Cyprus and Turkey. Almost 67 businesses have exchanged the contact information and business negotiations for establishment of partnerships are in the process.

Currently, the negotiations on establishment of partnership agreement are under way among IT Armenian company "e-work" LLC and Italian, Croatian, Serbian, German, Belgian and Slovenian IT companies, "Aknatour" LLC and Bulgarian "Detelinite", as well as Hungarian "Levels Szalloda es Venedeglato" Kft, Armenian "F.B.P.-M.S." "Diamond" LLC and Portuguese "Carlos&Manuel", as well as Slovenian iTatu skupina d.o.o. companies.

During the reporting period, 1 business cooperation was established between "Suren Hovakimyan" LLC and American "Sinerama Jewelry" companies. It was established also 1 partnership agreement in medical research sector between Italian Kos genetics and Armenian "Centre of preventive cardiology-BAREKAM LLC" companies.

In the frameworks of EEN's activity, during the reporting period the meeting was organized in Amsterdam, Netherlands, between Armenian "E-works" IT company and other IT companies operating in Amsterdam. As a result of this meeting negotiations on partnership agreement establishment are currently in the process.

According to requests presented by businesses, inquiries and clarifications exchange have been taking place through EEN on tax and custom legislations, certification requirements and certification companies, export and import procedures, equipment acquisition, providers and others.

For improvement of SME development programs in Armenia, inquiries are submitted through EEN partner organizations concerning on-going SME support programs in different countries, current legislation, standards and procedures.

For establishment of business contacts among EEN partner organizations, as well as cooperation expansion on July 14-17, 2010, the meeting was organized by “European Agency of Competitiveness and Innovation of the European Commission” with the participation of EEN partner organizations, as well as the EEN annual meeting was organized on October 13-15<sup>th</sup>, in which Armenian representative has been also participated.

During the reporting period, the Action Plan for 2011-2012 was confirmed by “European Agency of Competitiveness and Innovation of the European Commission”.

## **8. Elaboration and implementation of joint projects directed to SME development in cooperation with international and foreign donor organizations**

In order to expand the scope of activities foreseen by state support program directions, during 2010 SME Development National Center of Armenia has developed and implemented joint programs with United Nations Development Program (UNDP), Enterprise Europe Network (EEN) and Dutch Agency for International Business and Cooperation (EVD).

### **United Nations Development Program (UNDP)**

The activities of the Support to SME Development in Armenia Project in the reporting period were implemented through the following components “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”, “Development of SME support mechanisms and strengthening the capacity of SME DNC”.

In the framework of activity “Cluster development and improvement of knowledge and business skills of start-up SMEs” 9 Start-up business support programs were implemented in the regions of Armenia (Ararat, Syunik, Lori, Shirak, Kotayk, Aragatsotn, Gegharkunik and Tavush marzes) in 2010. 30 start-ups presented the most realistic business plans have received financial support. The total amount of provided loans has constituted 44.9 mln AMD with respective guarantee of the SME DNC of Armenia in amount of 53.5 mln AMD.

In the framework of this activity “B&B cluster development program” was implemented in Vayots Dzor marz of Armenia.

Under this activity new business models were developed for Lori and Tavush marzes and the program on their implementation was held in respective marzes.

In the frameworks of Project activity “Provide information, consulting and promotional services to the SMEs at central and regional level” it was planned to provide support for implementation of PR actions covering SME DNC of Armenia activities. These measures included development and broadcasting of TV programs 3 times per month on H2 TV channel. Programs presented the SME DNC general activity, including regional branches activity as well as SME sector current developments. This activity was implemented until the year end.

Under the same Project component, PR campaign on the SME DNC of Armenia Fund was implemented, including the development and broadcasting of respective advertisements on TV channel covering the whole territory of the country, as well as on radio, and renovation of the previously set advertisement banners. The corresponding works are finalized.

In the framework of this activity information materials for SMEs were designed and published, including SME general information booklet in Armenian and English, “The SME DNC of Armenia Annual report 2009” Reference Book in Armenian and English and Tax calendar 2010 for SMEs.

Under this activity consulting services were provided and business plans were developed for citizens repatriated from Switzerland, in the frameworks of implementation of “Support Program on Repatriation of the RA citizens from Switzerland” under Memorandum of Understanding signed by SME DNC of Armenia and Migration State Service (MSS) of the Ministry of Territorial Administration of the RA.

In the frameworks of this activity the support to delivery of market promotion services to SMEs was provided, under which participation of Armenian SMEs from agribusiness sector in an international fair was organized.

Besides, advertisement panels for 22 beneficiary SMEs of SME DNC of Armenia were prepared, including design, making and installation in all marzes of Armenia under the “Support the delivery of market promotion services to SMEs” component of this activity.

### **Development Cooperation Matchmaking Facility Programme (MMF Programme) implementing by Dutch Agency for International Business and Cooperation (EVD)**

During 2010, within the frameworks of Development Cooperation Matchmaking Facility Programme (MMF Programme) implementing by Dutch Agency for International Business and Cooperation (EVD), the activities targeted at the dissemination of information on the Programme, as well as involvement in the project of small and medium enterprises (SMEs) operating in the different areas have been carried out by the SME Development National Center of Armenia. As a result of the works carried out by the SME DNC of Armenia, 9 SMEs have been involved in the program according to procedures and criteria defined by the Programme. The meetings were arranged by experts responsible for the Programme with representatives of the above-mentioned companies in order to provide further participation in the Programme. As a result of conducted research, 1 local company (“INSI” CJSC) also was granted with voucher according to fixed procedure.

On March 30<sup>th</sup> of 2010, in the frameworks of joint actions performed by SME DNC of Armenia and EVD, there was organized the presentation on Development Cooperation Matchmaking Facility Programme (MMF Programme) and Private Sector Investment Programme (PSI Programme) at the Fund’s Central Office in Yerevan, which has been conducted by Dutch experts responsible for the Programme implementation and relevant experts of SME DNC of Armenia.

Around 20 businesses, as well as representatives of regional branches of SMEDNC of Armenia were presented at the presentation. As a result of presentation, entrepreneurs have expressed their interests for participation in the Programme. At present, the activities have been implementing by SME DNC of Armenia for provision of businesses participation in the Programme according to determined procedures and criteria.

Totally, during 2008-2010, due to activities executed by SME DNC of Armenia, 48 SMEs were involved in the Programme, of which 11 were raised interest among Dutch businesses and these companies received vouchers according to defined procedures. In the frameworks of the Programme the granted vouchers have been allowed Armenian entrepreneurs to meet with potential Dutch businesses and Dutch consultants for realizing on-site study of companies’ activities, as well as indicating of possible partnership directions. The works for search of Dutch business partners for other Armenian companies involved in the Programme and screened through pre-selection are under way.

### **German International Cooperation (GIZ)**

During the reporting period, the measures were executed aimed at establishment of cooperation with organization for German International Cooperation (GIZ). The agreement has been reached for improvement of “Start up businesses support program” implementing by SME DNC of Armenia. From the view of

enhancing effectiveness of “Start up businesses support program”, increasing volume, saving of resources and provision of flexibility, it is planned to realize program also with resources of SME DNC of Armenia. Particularly, during 2011, it will be realized the CEFE refresher course (Competency based Economies through Formation of Enterprises) of SME DNC of Armenia’s relevant employees with support of GIZ and implementation of 2 pilot projects in previously selected marzes of the RA.

### **Joint Action Plan of Black Sea Countries for 2007-2013**

The activities were implemented in the scope of EU European Neighborhood and Partnership Agreement instrument (ENPI) within the frameworks of Black Sea basin Joint Operation Program for 2007-2013. Particularly, cooperating with Greece, Moldova and Bulgaria, it was presented “B&B cluster development and integration in the rural communities of the Black sea basin”, and SME DNC of Armenia has been participating also in 6 projects as a partner organization. The results on project participation will be announced at the beginning of 2011.

### **Japan International Cooperation Agency**

During 2010, “Development of local production and home brand promotion” technical cooperation project was elaborated by SME DNC of Armenia and presented to JICA. The implementation of the program will enable researching and introducing of Japanese experience targeted at local economic development, as well as implementing of pilot program under coordination of international experts. According to preliminary evaluation the program has been previously screened.