

Shelter Sector Reform Project Newly Independent States of the Former Soviet Union

An ICMA Report

Prepared for the Office of Housing and Urban Programs
Agency for International Development



ASSESSMENT AND TRAINING REPORT
ARMENIA
MARCH 1 - 7, 1995

Prepared for the U.S. Agency for International Development
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Office of Environment, Energy and Urban Development
Urban Development and Housing Division

By
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Shelter Sector Reform Project for
the Newly Independent States of the Former Soviet Union

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ABSTRACT

The consultant traveled to Yerevan, Armenia, at the invitation of ICMA, for the following purposes:

- 1) To conduct training programs for members of the Armenian Real Estate Association and the industry;
- 2) To meet with and discuss the organizational structure and business plan of the area to determine if they are a suitable Protocol partner for the EERPF;
- 3) To meet with Steve Anlian of ICMA to determine what kind of working relationship might be established between his organization and EERPF;
- 4) To conduct a briefing and debriefing with appropriate local USAID officials.

Although reaching Yerevan was more challenging than originally expected (it took nearly 2 days of travel) I was able to accomplish the work plan prior to my departure on March 7, 1995. This was due in no small measure to the substantial advance work that Steve Anlian and his office had done allowing me access to the appropriate players and staff, and because of the extensive pre-briefing papers he provided which gave me a more thorough understanding of both the real estate market and the Association itself. Copies of salient documents are included with this report in an index giving substantial background on the housing markets, the economy and in general, the Armenian Real Estate Association including its founding documents.

EXECUTIVE SUMMARY

I was able to conduct two training programs on Friday and Saturday. The first was on basic United States Real Estate Practice and Association Management and Development. It included up to 19 people with most members of the Board of Directors in attendance and other observers of the Association. The second program was a training course on Brokerage Office Management from the Western Perspective. Fifty plus people attended on Saturday.

I was able to thoroughly analyze the real estate association as it has evolved in Armenia and find that it meets the fundamental criterion of being a Protocol partner with the Eastern European Real Property Foundation. I am recommending to our Executive Director and Board of Directors that we consent to accept them as a Protocol partner pending approval and funding by USAID.

ICMA's mission in Yerevan has made excellent progress in developing an understanding of the housing markets within the country. In a market where it is extremely difficult to ascertain actual transfer prices and values due to government regulation and taxation policies, they have done an excellent piece of analysis to give a more accurate picture of that market. Additionally, they have extensive programs in housing privatization policy development, urban land policy reform, Cadastral and construction reform and a municipal finance and service delivery reform. ICMA's presence and continued interest would be a tremendous assistance in working with the Association in developing a private housing market.

We had a debriefing meeting with Fred E. Winch, the recently appointed Head of Mission for USAID, in Armenia. While not committing to funding, he seemed generally supportive of the work we were attempting to do, indicated that we should forward a specific proposal to him within the next two weeks, suggested that he would be available to meet with Al Van Huyck during the third week of April in Washington and would generally attempt to meet our timetable to reach potential Protocol signing in late-May or early-June 1995.

I. TRAINING COURSE I

U.S. Real Estate Practice and Association Management - March 3-4, 1995

A. ANALYSIS OF THE ASSOCIATION

I met in the office of the Armenian Real Estate and Stock Exchange on Friday, March 3rd, following a pre-briefing meeting with Steve Anlian and Gene Sienkiewicz the preceding evening. The meeting was hosted by Artem A. Pribilsky who is vice-president of the Association and the Manager of the Exchange. The President of the Exchange is also President of the Association. His name is Gazik Poglossian, who was unfortunately out of the country during my entire visit so I did not have a chance to meet him. They gave me a general briefing on the Association. It has 22 members representing approximately 150 real estate brokers and agents primarily in Yerevan. Ten of those companies belong to the Exchange and 12 are from outside the Exchange. Estimates of the number of offices in Yerevan varied from 40 to 60 but the members of the Board of Directors felt that in the 22 companies that they had the main primary firms representing a majority of the active real estate professionals in the city. They did feel that they could add another 8 to 10 companies and would work toward that end as their Association evolved. They also represented that in the 38 regions of Armenia, at least one strong company existed in each region giving them a potential market penetration of 70+ firms.

The Association is governed by a Board of Directors with 11 members including their officers which are elected every 2 years. I suggested that they consider a three year "staggered-term" scheme so that they could ensure continuity of management on the Board of Directors while adding fresh ideas by new Board members, and providing elections on an annual basis. They seemed to agree these changes would be worthwhile. Existing officers indicated that they were expending an extreme amount of time in the early stages of the Association development and indicated they may not want to continue to serve. I suggested they put in one more provision indicating that after a three year term that retiring directors would have to sit out one year before serving again.

In reviewing the formation documents of the Association, the only area which needs additional expansion is the establishment of a "Code of Ethics." I discussed, at some length, with them the benefit both from an internal and external point of view of having such a code. On Monday, in a follow-up meeting with the Board of Directors, a course on developing a code of ethics was almost universally supported by those in attendance.

B. BUSINESS PLAN AND STRATEGIC OBJECTIVES

After briefing the Board on how the Foundation works through the signing of a Protocol Agreement (and what is involved in that agreement), the partner's development of a business plan, the formal application for Foundation support, we reviewed their first draft of a two year business plan.

The business plan has six components and six major strategies and the budgets to implement those strategies. A copy of the very preliminary business plan for 1995 and 1996 is enclosed with this report. (See Appendix 2)

1. Strategic Goal 1

The first strategic goal is the establishment of a more favorable legislative environment by reducing a state transfer tax from 10% to 1%. They would utilize housing information which has been developed by USAID/ICMA called a "Housing and Land Market Monitoring" in the city of Yerevan. This study is developed through the substantial work of Armine Hovhannissian who has been tracking the "natural" values and sales in Yerevan for the past 5 months. Much of the data is being contributed by brokers and then being analyzed by Armine and presented in a graph-like form. A copy of the Housing Report is also enclosed. (See Appendix 2)

The plan is to use this data to convince the ministers in the Parliament to change the law from 10% to 1%. In actuality, it appears that those transferring properties are reporting approximately 5% of the actual value. I suggested that the housing data is extremely useful and helpful to both the brokers and for legislative purposes, but that its use ought to be expanded so that the members discover the "value-added" nature of those studies so that it can be more easily supported in the future (it is currently funded through ICMA). If direct support is discontinued, it is unlikely that the studies would be maintained through dues alone, but would need to be enhanced by the sale of some of the information to outside interested parties.

2. Strategic Goal 2

The second strategic goal is to ensure the normal functioning of the Association's management. This is the establishment of a permanent office (rather than in the Armenian Real Property and Security Exchange), and the hiring of an Executive Director and the appropriate staff to drive its strategic plan. It includes the furnishing of the office with both furniture and the appropriate equipment.

My suggestion under this strategy was to add staff at a slower pace so that at the end of any support period by our Foundation or other outside sponsors that the dues and outside income of the Association could support it. It took nearly one hour to have everyone understand that concept.

3. Strategic Goal 3

The third goal is to establish a multiple listing system. While they did not term it a "multiple listing system," that is precisely what they have in mind. The members of the Exchange (some 20 companies that are housed in the same building and, in fact, sublet from the Exchange on a monthly basis) already, as part of their arrangement with the Exchange, have a multiple listing system in place. It allows for each of the 20 brokers to share information and split fees on a 50-50% basis as MLS systems do in the United States. My experience in other Eastern European countries is that it has been difficult to form an MLS system. It is interesting therefore that the basis of a system is already in place in Armenia, and there is general agreement from all Board members that it should be expanded industry-wide.

4. Strategic Goal 4

The fourth strategic goal was to collect data and information from the marketplace. This is an extension of the Market Value Housing Study mentioned above. While it is important that these housing studies be continued during the next year to two, I again stressed to the Association that they will have to find additional sources of outside income to help support this activity when outside funding diminishes or disappears.

5. Strategic Goal 5

The fifth strategic objective is to provide for professional growth and education. What the leadership of the Association have in mind is to establish an orientation program for all members of the Association including analysis of all the legislative and regulatory information as it affects real estate from the Republic of Armenia, but also how members ought to conduct themselves through the Association.

This is a very laudatory objective and I strongly supported it. I suggested that they add additional training programs and that we could potentially assist them in doing that. At a later session, I reviewed the course offerings of the Foundation and they evaluated and ranked those offerings as potential courses for 1995 or early-1996.

6. Strategic Goal 6

The sixth goal was to develop a standard set of forms and documents for real estate transactions. While they didn't title it this, this is what they have in mind. Again, this is an extremely insightful objective that many of our Eastern European partners are eventually coming around to. The general thought of the Association was once these were formed, it would help civilize the market, reduce the legal exposure of its members, and make membership in the Association attractive to all brokers throughout the country. They felt

the forms developed in Yerevan would have applicability to other regions within the country. My recommendation is that they pursue vigorously this objective and that we might be able to help supply experts, form analysis or other information to help this objective.

We then examined the budget in some detail. It is driven by a dues structure which is \$100 per member firm initiation fee, and \$2 per firm per month ongoing fee. As a result of these rather low dues, there is substantial additional support required to drive their budget. I advised them to re-examine all potential sources of income (outside of dues) to increase the income side of their budget equation. These sources included: Income from education courses, sale of products and materials, fees for conferences and the sale of any publications.

On the expense side, I asked them to re-examine the size of the rental space and their extensive staffing requirements, suggesting a phase-in on the staffing to reduce their initial expenditures and then an increase in staff when either dues or non-dues income justifies such growth. They came to the conclusion that the monthly dues may have to be increased substantially from the current \$2 per month to a figure 5 to 10 times that amount.

7. Summary

In summary, the training session which ended approximately at 6:00 in the evening was both extensive and exhaustive, revealing the major work of the Board of Directors since its formation. I had the general sense that they are an extremely bright, aggressive, hard-working Board that will participate actively in the operation of the Association.

II. TRAINING COURSE II

Brokerage Office Management Western Experience Saturday, March 4, 1995

The course was an all-day course run for 50+ members of the Armenian Real Estate Association (AREA), and staff and officials from ICMA and USAID. It was held at the American University of Armenia in a 5th floor, "small" conference room which would have seated approximately 150 people. The logistics of the classroom facility were as good as I have seen in Eastern Europe including excellent overhead screen capacity, automated shade system, comfortable seating and a fine sound system with simultaneous translation.

The course dealt with a discussion of the major components of brokerage office management including: The definition, roles and responsibilities of the manager, and an examination of specific programs, policies, accounting and management control systems of effectively managed offices. The last hour of the course was specifically allocated to questions and answers which were both animated and spirited. I had to cut the questions off because an additional program was following ours in the auditorium.

The immediate reaction to the course was favorable, and both on Sunday and Monday I received numerous comments and compliments from attendees, as well as frustration from some who could not attend and who, after having discussed it with those that had, felt that they had truly missed something worthwhile.

It appeared by the response of those in attendance that courses detailing other Western experiences would be looked upon favorably. I made it clear at the beginning, middle, and end of this course that these Western principles should not be transported directly and used by our Eastern counterparts, but rather they should be evaluated and selectively implemented into their marketplace.

III. FOLLOW-UP BOARD MEETING

Monday, March 6, 1995

I again met with the Board of Directors on Monday. I outlined future involvements with the Foundation and a possible timetable. I reviewed the Financial Support Application process and forms to assist them in their understanding of our methods. In addition, on Monday we evaluated some of the course offerings that the Foundation has been sponsoring throughout the rest of Eastern Europe. They evaluated the courses that they could use the most on the following order of current usefulness:

- Establishing a Code of Ethics
- Sales and Marketing for Residential
- Fundamentals of Appraisal
- Sales and Marketing of Commercial
- Basics of Property Management
- Analytics Course

I also stressed to them the need for them to run a "train the trainers" course to increase course offerings to new members of the Association.

IV. DEBRIEFING WITH USAID

Monday, March 6, 1995

I was originally scheduled to meet with Ray Morton who, unfortunately, was ill on Monday, March 6th. As a consequence, we rescheduled the meeting with Fred E. Winch who is Director of the Mission Caucasus Regional Office in Yerevan and Armine G. Hovhannissian, who is the Project Management Assistant and works with LTA Steve Anlian of ICMA.

I reviewed, in some detail, the formation, mission, goals and objectives and purposes of the Eastern European Real Property Foundation. I gave them a copy of our 1994 Annual Report, discussed the composition of the Board of Directors and the relationship with NAR. I described the substantial core of volunteers and reviewed with him the work in the preceding 7 countries along with the programs that we had run in those countries.

I told Mr. Winch that ICMA (with Steve Anlian's concurrence) and our Foundation in principal could work together in continuing the work of developing the Armenian Real Estate Association. I discussed with him the financial contributions required to run a reasonably complete 2 year program in Armenia as being \$384,000, and suggested that a description of the program and budget would be forwarded to him for his analysis and review. He asked that we add certain elements to that request. He asked how the work of the Foundation and the establishment of the NGO would fit into what is there and where USAID are going. That should include: A discussion of the extension of ICMA's initial work in the formation of the Association as well as assisting USAID in implementing some of the land and privatization policy matters from the private sectors' point of view.

Mr. Winch suggested there be a section of the request which talks about Association development assisting and aiding in the democratization and privatization of land. Basically, what he would look for here is some paragraphs which show where associations provide the linkage between the private citizen and companies and the government.

It should be noted that the primary focus of Mr. Winch during the next two years will be on working on the "energy problems" and establishing a strong financial basis for Armenia. As a consequence, the privatization of housing work and attendant work by the Association should emphasize the importance of that privatization effort in establishing a stronger economy to support financial institutions which will bring stability to Armenia in the future.

V. CONCLUSION

The experience that I had in Armenia demonstrated clearly to me the tremendous needs that the country has compared to our other Central/Eastern European partners. The general state of the economy due to the blockades, the reduction of electrical power, the general loss of employment and the lack of economic stability is apparent throughout the country. While these circumstances are challenging, the environment is not intolerable.

What is not apparent is the indominability of the spirit of the Armenian people. Of the Associations I have evaluated in Eastern Europe, they are at their stage of development far more sophisticated than any I have seen. This is undoubtedly due to the preliminary work done by ICMA and the students at AUA. The progress is also reflective of the highly educated nature of the Armenian people and their desire to move dramatically into a private market.

It is my sense that good and worthwhile work can be done in this country and that an active Protocol with substantial programming be implemented.

APPENDIX 1 - ITINERARY, ARMENIA

Antigoni Pachelitsky

**Norman Flynn
Eastern European Real Property Foundation
Itinerary: Armenia
March 2-7, 1995**

Thus. March 2

5:00 PM Arrive Yerevan
Meet with ICMA's Steve Anlian USAID Resident Advisor to Armenia:

Fri. March 3

9:00 AM Meeting with Armine Hovhannessian at Hotel Armenia (2nd floor dining room) to review AREA's Information Exchange Program (Interpreter Anahit Karapetian will join you, although Armenians's English is pretty good).

10:15 AM Car will pick up group in front of Hotel Armenia to go to Yerevan "BIRZSHA" (Yerevan Real Estate Stock Exchange and AREA's office).

10:30 AM Meeting with AREA members

Lunch

PM Planning Meeting with AREA Board of Directors

Sat. March 4

9:30/10:00? AM Seminar by Norm Flynn
American University of Armenia small auditorium (2 coffee breaks planned 11:30 and 1:00) we should finish by 2:30

PM Visit to Architectural/Religious monument: Garny and Geghard

7:00 PM Dinner at Anlian's apartment

S^un. March 5

Visit to Echmiadzin, Armenia's religious center
(Pick up from hotel at 10:00 AM?)
TBD

Mon. March 6

10:00 AM Exit briefing USAID offices
10 Aigedzor St.
Yerevan (22-48-76)
Anlian will attend, Ray Morton, USAID Caucasus General Development Director, Director Fred Winch may attend?

2:00 PM Wrap-up meeting with AREA Board members

Dinner Dsoragugh Restaurant

7-A

APPENDIX 2 - BUSINESS PLAN

First translation of Strategic Objectives — ARK039A.DOC

ARMENIAN REAL ESTATE ASSOCIATION BUSINESS PLAN FOR 1995 AND 1996

The Description of Programs of Armenian Real Estate Association

1. Strategic Goal No.1

1.1. Assistance in creating a necessary legal basis

1.2. Program

1.2.1. Reduction of a state duty for ~~alienation~~ ^{TRANSFER} of real property from 10.0% to 1.0%.

1.2.2. Elaboration and implementation of housing ~~fund~~ valuation methodics.

1.3. Description

1.3.1. At present, because of the high rate of state duty and lack of methodics of a market valuation of the housing stock, the population evades from fixing a real selling price of property. As a result of that, the state loses considerable assets, the firms cannot fix real alienation prices and thus go to conflicts with the law.

1.4. Actions

1.4.1. To conduct a survey of sale and purchase of the housing stock for the period from 1991 to 1994.

1.4.2. To choose sources of information about the number of ~~alienated~~ ^{transferred} flats, market prices for each period of time.

1.4.3. To ensure reception of accurate information about the value of the sold housing stock units.

1.4.4. To reveal price formation factors.

1.4.5. To elaborate methodics for valuation of the housing stock and software.

1.4.6. To show a balance of actual budget revenues under the acting rate of state duty, and revenues possible to gain in the event of a reduction of state duty and application of housing stock valuation methodics.

1.5. Results of the Program:

1.5.1. The Association will appear as a recognized organization estimating an exact value of real property units accepted by the Government, and will be remunerated for such services.

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This was thorough. Discussed modifications in programs and budgets should be expected.

Not done

The first section of the Business Plan was done in Russian but hadn't been translated.

1.5.2. A reduction of state duty will allow to fill up the state exchequer and for the citizens and organizations not to violate the laws

1.6. Terms

1.6.1. Section 1.2.1 of the Program and Actions 1.4.1, 1.4.2 and 1.4.6 - 6 months.

1.6.2. Section 1.2.2 of the Program and Actions 1.4.3, 1.4.4, 1.4.5 and 1.4.6 - 6 months.

2. Strategic Goal No.2

2.1. Ensurance of the normal functioning of the Association's management.

2.2. Description

2.2.1. Presently, premises for the needs of the Association have been temporarily granted for free by the Armenian Real Property and Securities Exchange.

2.3. Program

2.3.1. Lease of premises of the management staff of the Association.

2.3.2. Acquisition of office equipment.

2.4. Actions

2.4.1. Selection of premises of an area not less than 150.0 square meters.

2.4.2. Acquisition of 10 desks, 1 table for meetings, 40 chairs, 5 book cases, 3 telephones, 50 meters of curtains.

2.4.3. Acquisition of two computers.

2.4.4. Acquisition of a photocopying machine.

2.5. Results of the Program

2.5.1. Ensurance of the normal functioning of the management staff.

2.5.2. Creation of conditions for providing services to the Association members.

2.6. Terms

For fulfillment of the Goal No.2, 2 months are assigned.

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3. Strategic Goal No.3

3.1. Ensurance of cooperation between the Association members in the field of brokerage transactions with real estate

3.2. Program

3.2.1. Collection, processing and distribution of information for increase of effectiveness of the cooperation between the Association members.

3.4. Actions

3.4.1. Establishment of an appropriate subdivision (Information Department) involved in collection, processing and distribution of information.

3.4.2. Elaboration of necessary forms of reports to be furnished to the interested Association members for receipt of information.

3.4.3. Elaboration of the rules of moral conduct to govern the relations between partners in the course of carrying on brokerage transactions.

3.4.4. Elaboration of computer programs to ensure effective search of necessary information.

3.5. Results of the Program:

3.5.1. The Association will appear as an organization which promotes the effectiveness of the activity of the Association members.

3.6. Terms

3.6.1. Section 3.4.1 - 1 month

3.6.2. Section 3.4.2 - 1.5 months

3.6.3. Section 3.4.3 - 1.5 months and further

3.6.4. Section 3.4.4 - 2.0 months with further development of the program.

4. Strategic Goal No.4

4.1. Information about the situation in the real estate market.

4.2. Program

4.2.1. Analysis of a real estate market in Yerevan and market forecast.

4.3. Description

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4.3.1. The necessity of this program is due to the fact that many financial institutions, to raise reliability of the circulation of its assets, apply to realty offices for valuation and forecasting of future prices for purchased real property units.

4.4. Actions

4.4.1. An analysis of changes in real property prices in Yerevan for the period from 1991 to 1994.

4.4.2. Quantitative analysis of units realized in Yerevan from 1991 to 1994.

4.4.3. Tendencies of the changing of prices for real property and number of realized units for the period from 1991 to 1994 in Yerevan.

4.4.4. Analysis and tendencies of the modification of value formation factors in Yerevan for the period from 1991 to 1994.

4.4.5. Analysis of purchasers groups working in the republic and abroad in the dynamics of the development of national economy.

4.4.6. Analysis and tendencies of the modification of economic indicators.

4.4.7. Solution of the Karabakh crisis, energetic problems and the blockade.

4.5. Results of the program

4.5.1. The Association will give to its members a confidential information about the tendencies of the change of prices for real property (housing stock), and that will have positive influence on the financial state of realty firms and the growth of their prestige.

4.6. Terms

4.6.1. The term for fulfillment of the actions 4.4.1 - 4.4.7 is one year and further.

5. Strategic Goal No.5

5.1. To provide an opportunity for professional growth and education.

5.2. Program

5.2.1. To create a training program for Association members.

5.3. Description

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5.3.1. The role and importance of the program aiming at the increase of the qualification of realty office workers is immensely important both for the successful conduct of a business and for the increase of the image of Association members.

5.4. Action

5.4.1. Study of the body of legislative acts directly concerned with alienation of real property in the Republic of Armenia.

5.4.2. Study of the body of legislative acts indirectly concerned with alienation of real property in the Republic of Armenia.

5.4.3. Study of legal experience in foreign countries in the field of alienation of real property.

5.4.4. Study of the body of legislative acts of the Republic of Armenia relating to construction and reconstruction.

5.4.5. Study of tax legislation of the Republic of Armenia.

5.4.6. Planning, preparation of business plans.

5.4.7. Organization of meetings with colleagues from further foreign countries, business trips.

5.4.8. Study of the main project decisions from the point of view of the seismic resistance of both existing (build) and prospective projects.

5.5. Results of the program

5.5.1. Ensurance of surety, purposefulness and legality of the activity of Association members.

5.6. Terms

5.6.1. Sections 5.4.1, 5.4.2, 5.4.3 - 2 months

5.6.2. Sections 5.4.4 and 5.4.8 - 2 months

5.6.3. Sections 5.4.5 and 5.4.6 - 2 months

5.6.4. Section 5.4.8 - during a year

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6. Strategic Goal No.6

6.1. Performance, in all directions, of real property transactions on a universal basis.

6.2. Program

6.2.1. Preparation of documents allowing to carry on various transactions with real property within the whole territory of Armenia within the limits of current legislation of the Republic of Armenia.

6.3. Description

6.3.1. Presently, there is chaos and arbitrariness in the field of registration of documents.

6.4. Actions

6.4.1. Elaboration of all the types of forms and certificates for privatization of the residential and non-residential stock (taking into account the land).

6.4.2. Elaboration of all the types of forms for carrying on exchange transactions with the residential and non-residential stock (taking into account the land).

6.4.3. Elaboration of all the types of forms for inheritance of the residential and non-residential stock (taking into account the land).

6.4.4. Elaboration of all the types of forms for alienation of the residential and non-residential stock (taking into account the land).

6.4.5. Drafting of model agreements for alienation, lease and exchange of real property.

6.5. Results of the program

6.5.1. The elaboration and application of such forms and certificates will ensure normal functioning and elimination of arbitrariness in the said field of activity.

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**Two-Year Budget of Armenian Real Estate Association
(in US Dollars)**

Budget Article	1st year	2nd year
Salary of the management staff		
Executive Director of the Association	600.0	700.0
Secretary	300.0	350.0
Chief of Information Department	400.0	440.0
Operator	200.0	230.0
Chief of Planning Department	400.0	440.0
Economist	350.0	380.0
Accountant	400.0	440.0
Total salary	2430	
Lawyer	400.0	450.0
Technical Assistant	180.0	200.0
Total salary	3230	3630
Administrative expenses		
Rent of the office (150 sq.meters)	2500	2500
Charge for use of 3 telephones	150.0	150.0
Intercity calls	100.0	100.0
Subscribed press	60.0	80.0
Advertising	400.0	500.0
Business trips	5000.0	5000.0
Unforeseen expenses	1000.0	1000.0
Total administrative expenses	9210	9330

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**Budgets for Strategic Goals of Armenian Real Estate Association
(in US Dollars)**

Budgets of programs, actions according to each strategic goal and comments	1st year	2nd year
Strategic Goal No.1		
Budget of Actions for Sections 1.4.1, 1.4.2, 1.4.3 and 1.4.6 is formed at the cost of salaries of Planning Department	-	-
Section 1.2.1	-	-
Sections 1.4.4 and 1.4.5	700.0	
Total budget of Program 1.2.1	700.0	
Strategic Goal No.2		
Budget of Actions		
Section 2.4.1 - is indicated in administrative expenses		
Section 2.4.2	2000.0	-
Section 2.4.3	2000.0	-
Section 2.4.4	-	2000.0
Total budget of program 2.3.1	-	-
Total budget of program 2.3.2	4000.0	2000.0
Strategic Goal No.3		
Sections 3.4.1, 3.4.2 - is formed at the cost of salaries of Information Department	-	-
Section 3.4.3 is formed and maintained by arbitration commission (voluntary)	-	-
Section 3.4.4	500.0	100.0
Total budget of program 3.2.1	500.0	100.0
Strategic Goal No.4		
Budget of Actions		
Sections 4.4.1, 4.4.2, 4.4.3, 4.4.4, 4.4.6: the budget of these actions is formed at the cost of salaries of Planning Department	-	-
Section 4.4.5: the budget of this action is formed at the cost of salaries of Planning Department	-	-
The Total Budget of program 4.2.1 is formed at the cost of salaries of Planning Dept.	-	-
Strategic Goal No.5		
Budget of Actions		
Sections 5.4.1, 5.4.2, 5.4.3 - invited experts from Armenia	600.0	-
Section 5.4.4 - invited experts from Armenia	70.0	-
Section 5.4.5 - invited experts from Armenia	80.0	-
Section 5.4.6 - invited experts	130.0	-
Section 5.4.7 - business trips, organization of meetings	2000.0	2000.0
Section 5.4.8 - invited experts from Armenia	300.0	-

Total Budget of Program 5.2.1	3180	2000.0
Strategic Goal No.6		
Budget of Actions		
Sections 6.4.1, 6.4.2, 6.4.3, 6.4.4, 6.4.5 - invited experts	1500.0	500.0
Total Budget of Program 6.2.1	1500.0	500.0
Total Budget of the Programs	9880	4600

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**Balance of Incomes and Forthcoming Expenses
of Armenian Real Estate Association
(in US Dollars)**

Budget Articles	1st year	2nd year
1. Incomes		
1.1. From membership fees	528	600
1.2. From admission of new members	300	300
Total incomes:	828	900
2. Expenses		
2.1. Salary of the management staff	3230	3630
2.2. Administrative expenses	9210	9330
2.3. Expenses for implementation of programs		
2.3.1. Goal No.1	700.0	-
2.3.2. Goal No.2	4000.0	2000.0
2.3.3. Goal No.3	500.0	100.0
2.3.4. Goal No.4	-	-
2.3.5. Goal No.5	3180	2000.0
2.3.6. Goal No.6	1500	500
Total Expenses:	23148	18460
Budget Deficit:	22320	17560

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APPENDIX 3 - CONTACTS

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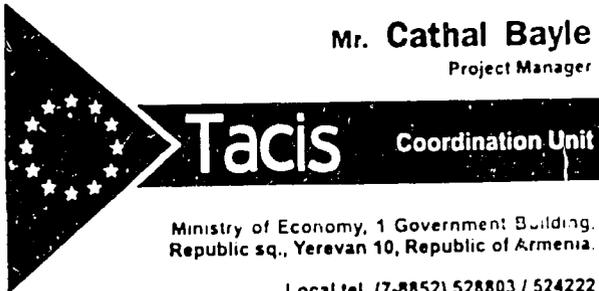


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APPENDIX 4 - BOARD OF DIRECTORS OF AREA

Board of directors of the AREH

<u>Name of president</u>	<u>Name of the organization</u>	<u>Address</u>
Poghosian	Chairman / president of the association	Yerevan, Ptcharian st. 20
Pribilski	"Havat"	Nairi Zarian st. 22
Hunanyan	Association of the Real Estate & Stock Exchange	Kievian st. 17, ap. 10
Vardanian	"Anush-7" LTD	Terian st. 59
Martirosian	"Erankyuni"	Hotel "Qui", 7 floor
Kotcharian	"Mercuri" Stock Exchange	Papagian st. 51
Hastatian	"Compact" LTD	Nairi Zarian st. 22
Abrahamian	"Ercarneroznakhagits"	M. Manushian 55a
Martinian	"Kaloria" LTD	Bagramian av., 1st. ap. 22
Dezarian	"Lota" LTD	M. Manushian 33
Arakelian	"Business Invest"	P. Byuzand st. 1/3
	Invent Bureau	

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