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# ENTERPRISE DEVELOPMENT AND MARKET COMPETITIVENESS (EDMC)

**QUARTERLY REPORT**  
**APRIL 2012 - JUNE 2012**

**July 10, 2012**

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**ABBREVIATIONS**

3DMU	3D Modeling Union
ABB	Armenian Business Bank
ADB	Asian Development Bank
AMCHAM	American Chamber of Commerce in Armenia
AFT	Access to Finance Team
AUA	American University of Armenia
B2B	Business to Business
BDS	Business Development Services
CBI	Center for Promotion of Imports
CEED	Center for Entrepreneurship and Executive Development
CEO	Chief Executive Officer
CJSC	Close Joint Stoke Company
CTD	Common Technical Document
DCA	Development Credit Authority
DCFTA	Deep and Comprehensive Free Trade Agreement
EBRD	European Bank for Reconstruction and Development
EDMC	Enterprise Development and Market Competitiveness
EIF	Enterprise Incubator Foundation
EU	European Union
EUAG	EU Advisory Group
GAP	Good Agricultural Practices
GEDF	Gyumri Economic Development Foundation
GITC	Gyumri IT Center
GIZ	German Development Agency
GMP	Good Manufacturing Practice
HACCP	Hazard Analysis and Critical Control Points
ICT	Information and Communications Technology
IPA	Intellectual Property Agency
IPR	Intellectual Property Rights
LRT	Legal Reform Team

MIC	Microsoft Innovation Center
MOE	Ministry of Economy
MPI	Medicine Producers and Importers
NGO	Non-Governmental Organization
NSS	National Statistical Service of RA
OXFAM	Oxford Committee for Famine Relief
PFI	Partner Financial Institutions
PFS	Partners for Financial Stability (USAID funded project)
RAU	Russian-Armenian University
RCI	Regional Competitiveness Initiative (USAID funded project)
SCPEC	State Commission on the Protection of Economic Competition
SEAF	Small Enterprise Assistance Fund
SME	Small and Medium Enterprise
SME DNC	Small and Medium Entrepreneurship Development National Center of Armenia
STTA	Short Term Technical Assistance
SOW	Statement of Work
SPS	Sanitary and phytosanitary
TA	Technical Assistance
TBT	Technical barriers to trade
ToT	Training of Trainers
UNDP	United Nations Development Program
UITE	Union of Information Technology Enterprises
VCT	Value Chain Team
VC	Value Chain
VET	Vocational Education and Training
WFT	Work Force Team

## HIGHLIGHTS OF THE QUARTER

EDMC held over twenty programmatic events during this quarter, including seven trainings.

For the first time a group of Armenian IT specialists summoned by UITE participated in Hannover Messe 2012 – the world famous international tradeshow showcasing groundbreaking innovation. The group obtained an extensive number of new contacts and marketed Armenian IT companies and their services and products to companies overseas.

The DigiTec 2012 forum, entitled “Smart Country. Digital Solutions for an Innovative Economy”, featured 59 local and international companies that presented innovative ICT products and services, such as cloud computing services, touch-screen terminals, an unmanned flying object or a mobile phone system that sends instant updates about a patient to the hospital. EDMC supported IT start-ups to present their products and solutions during the forum, as well as organized a series of technology seminars for SMEs from the Project’s target sectors, including a roundtable discussion on IT investments and developments in European countries.

The WFD Component successfully completed the Quick Start Methodology training for 80 specialists from more than 40 VET institutions, colleges, BDSs and training centers in three regions. With EDMC’s assistance the trained organizations are expected to initiate enhanced cooperation with businesses and develop and organize demanded skills trainings for the private sector based on the Quick Start method.

The first Top Class program in Armenia through CEED is completed. The program offered a transformational experience for 22 selected young Armenian entrepreneurs with high growth potential who completed eleven weekly sessions led by recognized business managers and management gurus. CEED was able to leverage the ATF project personnel to provide expert speakers for several segments in the program.

The LR Component completed work in defining legal gaps and constraints in three very problematic legal areas: EU harmonization of SPS/TBT requirements, competition and public procurement. Under these initiatives, the LRT developed several reports defining action steps to align SPS/TBT requirements and laboratory testing needs in the food processing and pharmaceutical VCs with EU requirements; and designed reform actions on eliminating competition “bottlenecks” in the supported sector markets, as well as on increasing SME access to the government procurement market. The corresponding recommendations in the competition and procurement areas were discussed with counterparts from the Government, representatives from the private sector, business associations and donor-funded reform initiatives at highly publicized events co-sponsored by both government agencies and business associations.

The ATF Component began providing direct technical assistance to the three partner financial institutions - Araratbank, Unibank and ABB - through diagnostic assessments, and conducted target sectors financial mapping in order to determine the unmet financing needs of SMEs in the sectors. For the three-month period from April – June, the three PFIs enabled 44 transactions totaling US\$3,919,457 to enterprises in the EDMC

focus sectors, which comprise 93 percent of the target lending volume projected in the Year One Work Plan.

The Caucasus Growth Fund managed by SEAF was successfully launched in Armenia. SEAF is actively developing a strong pipeline of potential companies that could be candidates for equity and mezzanine financing. The pipeline companies pass a comprehensive process of screening, initial analysis and due diligence. Three companies have already come closer to the investment stage. SEAF have completed business analysis and due diligence and developed financial model and related investment memorandum for two of them. One of the companies is in the process of due diligence.

## **VALUE CHAIN COMPETITIVENESS**

During the reporting quarter, the VC Team was intensively engaged in implementing activities and organizing events. Significant progress has been made in establishing good consultative and working relations with major stakeholders in all supported sectors. Numerous companies have been visited and important information has been gathered regarding sector constraints and company challenges.

A number of assessments have been conducted: management capacity and skills, new tourism products for Syunik Marz, and the National Competitiveness Report 2012. Participation by Armenian companies was supported in exhibitions/trade fairs (Hannover Messe – Hannover, Germany, DigiTech - Yerevan, and Bridge Expo – Tbilisi, Georgia), and preparations have started for the next ArmTech in the US. One competition was supported (Imagine Cup), as well as a number of discussion forums (ICT Leaders Meeting, DigiTech, International Girls in ICT Day, and Trade Facilitation in Tbilisi, Georgia). Cross sector activities have been promoted in various discussions, including at DigiTech. A variety of trainings have been conducted and/or started, such as: mobile applications, web design, EU market access for ICT, CTD translation (GMP compliance), compilation of an Organic Standards Guidebook, Global GAP, EU Market Access for HFP, and hospitality services in Syunik Marz.

### **1.0.5. Tripartite VC Working Groups**

EDMC has established relations with all major stakeholders in all selected sectors. Within the High Tech sector, regular meetings and consultations take place with EIF, UITE, 3DMU, GEDF, GITC, MIC, and the recently established Association of Technological Startups (ATA), as well as the MoE Advisor on ITC. EDMC has started work on preparing jointly an ICT Activities Matrix, to better coordinate activities and avoid possible overlaps.

The Pharma Sectoral Board was established and is working within the RA Ministry of Economy. The MoE and representatives of private companies, agencies, associations and EDMC are members of this sectorial board. EDMC is a member of the Board secretariat, together with the MOE, ADA and the MPI Union. On April 12, 2012, the Minister of Economy hosted the first meeting of the pharmaceutical sector to discuss organizational

issues, the Action Plan developed by EV Consulting for 2012-2015, and the draft memorandum between the RA Government and sector representatives. During the second meeting, the Board members approved the Pharma Action Plan and discussed issues regarding the development of biotechnology.

In the Herbal and Food Processing sector, EDMC participates in the Agricultural Alliance, which among others includes OXFAM-Armenia, their credit program Horizon Fund, UNDP, CARD, UMCOR (United Methodist Committee on Relief), Scientific Center of Vegetable and Industrial Crops (SCVIC), Protection of Consumer Rights NGO (PCR), Economic Development and Research Center (EDRC), Federation of Agricultural Associations Union of Legal Entities (FAA ULE), International Center for Agribusiness Research and Education (ICARE), VISTAA Plus and BSC (BDS companies), and others. The last meeting on June 18 focused on reaching agreement on a common platform for a planned meeting with the Ministry of Agriculture regarding their proposed program on agriculture and agri-business.

In the Hospitality sector, EDMC's main counterpart is the Tourism Department of the Ministry of Economy, where regular meetings are held. Also involved are the Union of Incoming Tour Operators, the Guides Guild, the B&B Association, and recently the Yerevan City Hall.

### **1.1. Improve Management Skills to Raise Product Quality and Lower Costs**

In April, STTA consultant Peter Wilson visited some 16 companies and held meetings with associations and sector representatives to identify the major deficiencies in strategic management capacity and systems within selected sector companies. At the end of his mission, four half-day workshops were held, one for each of the value chains, to share the general findings and obtain feedback in a workshop environment. A separate one-day workshop was held for BDS providers, sharing with them the adopted approach and the general conclusions from the assessment. In addition, a short individual report was prepared for each participating company, which highlighted key management-related areas they should consider in order to improve their individual competitiveness. The consultant has provided specific recommendations that will assist EDMC in the development of value chain-specific technical and training assistance strategy and activities, prioritizing strategic management, marketing and lean process improvement.

## **A. High Tech**

### **A1. HT Products Promotion in International Markets**

EDMC supported the participation by an Armenian 5-person business delegation at the Hannover Messe 2012, April 23-27, titled Technology Meets Business. The delegation was comprised of representatives from the Union of IT Enterprises (UITE), Enterprise Incubator Foundation (EIF), 3D Modeling Union (3DMU), Gyumri Economic Development Foundation (GEDF), as well as ArmRobotics.

This first ever trip to the engineering trade show was planned based on specific opportunities to meet and network with Messe exhibitors, to get acquainted with current trends in engineering, to obtain updated information on international market demands, and share information about the Armenian Engineering and ICT sectors with interlocutors.

For successful participation in the Hannover Messe, EDMC coordinated the organizational and preparatory work as well as supported UITE to establish the marketing staff unit to: (a) develop a list of preliminary interested foreign companies/organizations for contact-rounds; (b) select local partner companies to be presented at the event; (c) develop participant profiles with a clear description of targeted companies/organizations, marketing strategies and means of communication with targeted companies/organizations, as well as the profile of designated representatives (profiles for participation will include main and secondary tracks, description of tracks, target companies/organizations, marketing strategy and means, etc.); and (d) develop an after-event plan of activities for contacting companies after the Hannover Messe 2012, and provide it to confirmed participants for their implementation.

Delegation members met and negotiated with almost 250 companies. EDMC's support helped to promote Armenia's High Tech image in a worldwide event and develop an environment for networking initiatives between Armenian producers and international players.

One of the outcomes of this activity is that a technology-based company, Itelligence Dynamics from Granada, Spain, expressed interest in participating in the Armrobotics 2012 open contest. Their focus is the development and commercialization of intelligent Unmanned Aerial Vehicles (iUAVs). Individual companies now continue to work with more than 200 leads and contacts generated during the Hannover Messe visit.

## **A2. Encourage Creativity and Introduction of New Technology Products/Innovations**

In cooperation with MIC and Microsoft RA, EDMC supported the Imagine Cup Student Worldwide Idea Competition's Armenian event. The Armenia Imagine Cup is conducted in two phases: 1) teams submit ideas only and an evaluation panel selects a short-list for further development; 2) MIC works with the shortlisted teams to develop their ideas into products/services or demo versions of these, which are then presented to the evaluation panel at the end of April when the winner is selected and announced. The winning team will represent Armenia at the Imagine Cup worldwide finals in Sydney, Australia in July 2012.

A number of roundtable meetings were held with interested parties and partners, as well as a brain-storming meeting with EDMC VC experts and several company representatives from other EDMC target sectors. EDMC participated in the evaluation

panels supporting the selection of the top seven ideas (from a total of 21) for further development and the winner from seven finalists. This year the number and quality of applications was the highest: 21 teams and 23 ideas were presented, compared to four teams and nine ideas for the previous year.

Support was provided together with MIC for the winning team to prepare for representing Armenia in the worldwide final selection in July in Sydney, Australia. A demo presentation of the winning mLab team, with their project Clean H2O, was organized for a wider audience at the Russian-Armenian University on June 29 before their departure to Australia.

In addition, AUA is working with the second-place winner and the RAU with the third place winner, exploring opportunities for creating new start-ups.

### **A3. IT Commercialization**

EDMC joined efforts with UITE to support the organization of an ICT Leaders Meeting-Forum on Technological Solutions and IT Commercialization, with the wider involvement of start-up companies, international organizations, state and non-governmental organizations, and representatives of associations. The meeting initially planned for May, took place April 13-15. EDMC supported the event also by providing a keynote speaker (Peter Wilson, STTA on management systems and skills assessment), who spoke to the Forum on Technology, Innovation and Cluster Development, covering topics on High Tech management and technological cluster development.

### **A6. Specialized Training in Mobile Applications**

In cooperation with the AUA, College of Engineering, and their Extension Program, with WFT and VCT working together, EDMC initiated trainings in mobile applications for the IT sector to satisfy the required skills in demand by IT companies. Three pilot trainings in Web design (Html5, Java script, CSS3, Responsive Design; no prerequisites); Mobile Programming: Android (prerequisite: Java) and Mobile Programming: iPhone (prerequisite: at least one of the following programming languages: Java, C, or C++) were proposed. AUA launched the Web Design training with 18 trainees, which includes participants from Synopsis Armenia, Ameriabank, Bridge of Hope NGO and others. The Android and iPhone trainings are planned to start in July. EDMC is co-funding the trainings with one third, while AUA and individual participants cover also a third each. EDMC coached and supported AUA in their recruitment efforts to attract participants from EDMC sector companies.

### **A7. IT Solutions for Other Sectors**

EDMC worked jointly with UITE to support the organization of the DigiTech Business Forum 2012, June 15-16. The event's general partner was Armentel Company (Beeline brand). The Forum was held under the patronage of the Prime Minister of Armenia. The focus of the Forum was to promote usage of IT/HT solutions in other areas and sectors



of the Armenian economy. Specifically, EDMC provided support for involving key speakers and international participants from the RCI region. EDMC support aimed to bring together the best IT solutions for a number of sectors targeted by the project, including pharmaceuticals, hospitality and food processing. Invited key note speakers shared international experience and practices with Armenian companies and policy makers. IT start-ups represented their products and solutions initiating the dialogue between the IT community and other businesses.

The two-day event was focused around the theme of A Smart Country: Digital Solutions for An Innovation Economy, and featured the following activities: (a) Conference on Technology Investment - participants discussed how to utilize effectively ICT and other innovative technology solutions, including methods and issues connected to their use in the private sector; (b) Series of seminars on Technology - participants discussed the latest solutions and services offered by ICT companies; (c) DigiTech Business tradeshow, presenting solutions to technology issues by Armenian HT start-up companies and related organizations/associations. International companies were represented by Georgian Integrated Systems, Navigator, London Metropolitan University, CBI, UNDP BSTIP, MASIT, USAID/RCI, European Software Institute, INFOBALT, LIKTA, BASSCOM, PIN-SME, CenterMine, Nemetschek and others. The Forum featured 40 companies.

EDMC moderated four roundtables (one regional/international and three local/cross-sectorial): Country and Regional Competitiveness through ICT Industry Initiatives and Solutions, moderated by Alexander Babinov and Zdravko Shami; ICT and Innovative Solutions for Hospitality, moderated by Armine Israyelyan, Alvin Rosenbaum and Levon Galstyan; ICT and Innovative Solutions for Food Processing, moderated by Misak Gharagozyan, David Probert and Levon Galstyan; and ICT and Innovative Solutions for Pharma, moderated by Marina Poghosyan, David Probert and Levon Galstyan. Among those in high demand were the two-hour master class presentations on 21<sup>st</sup> Century Armenia - New Business Architectures, Security & Governance for Smart Economic Development, by David Probert of Vaza International, Great Britain; Customer Oriented E-Gov Systems by Morten Meyerhoff Nielsen of the Danish Agency of Digitization; and a roundtable on ICT and Innovative Technologies in Healthcare, moderated by the Armenian Telemedicine Association.

Figures and facts: (1) around 40 companies and HT projects participated in the exhibition, including start-ups and projects from educational institutions; (2) more than 20 foreign and international organizations and companies from 13 countries; (3) approximately 1500 visitors; (4) representatives of regional development initiatives: USAID/RCI, UNDP/BSTIP, and CBI/Netherlands.

### **A13. Support Innovation and Development of Innovative Ideas**

EDMC is in discussions with EIF on joint efforts to implement the Idea Generation Camp - The competition intends to create an environment to support the birth of innovation and the development of innovative ideas as well as to simulate the rate of technology absorption, technology transfer, innovation and commercialization in the private sector

of Armenia”. After a general call for proposals and the selection of winners, the winning teams will be invited to participate in a seven day Innovation School to train and motivate team members to develop business plans for their ideas. A business fair will be organized as the final phase of the competition, where the teams and individuals will have the opportunity to present their business plans and respond to questions of interested attendees at the fair, which would include major IT organizations, banks, potential investors, and government representatives. Planned start of the activity is at the end of July 2012.

#### **A14. HT Products Promotion in International Markets**

EDMC is cooperating with EIF, Viasphere Technopark, UITE, Synopsis Armenia, MoE and other interested parties in organizing the ArmTech Congress in the U.S. in November 2012 and effectively presenting the Armenian HT sector to the US business community. EDMC has nominated observers for the Content, Marketing, and PR Committees of the Congress, which have yet to start their work, and participated regularly in the organizational committee meetings; to date, two meetings of the committee were held, the first at MoE and the second at EIF.

#### **A15. Conduct skills training for IT specialists**

In cooperation with the AUA College of Engineering and their Extension Program, EDMC has launched a Web Design Training as a follow up on the development of workforce skills in the HT sector. The group has 18 trainees, which includes participants from Synopsis Armenia, Ameriabank, Bridge of Hope NGO and others.

#### **A16. Conduct HT Related Soft Skills Training**

EDMC teamed up with the Center for the Promotion of Imports from Developing Countries (CBI) - an agency of the Ministry of Foreign Affairs of the Netherlands, the USAID/RCI, UITE and MIC, to help Armenian SMEs overcome the technical barriers to trade in the European market and enhance know-how of market access requirements.

A two-day training on marketing of ICT companies was delivered by CBI trainers June 13-14 to targeted companies from the HT sector, with around 25 participants. The objective of this initiative was to familiarize HT private sector representatives with the EU market demands, legislation and regulations for this sector, as well as with the EU culture, business practices and buyer behavior. Participants also discussed sector trends in their markets and how to develop an effective strategy for entering the European market and what to avoid in marketing activities. HT companies enhanced their knowledge of the EU market - structure and segmentation, how and where to find information on European markets, and how to adapt in order to comply with regulations. The trainings were delivered by Dirk J. Heuff, CBI Expert Marketing and Management, and Laszlo Klucs, CBI Expert Business Process Outsourcing / IT Outsourcing.

#### **A19. International Girls in ICT Day in Armenia**

EDMC supported the Women and Information Society NGO to celebrate the International Girls in ICT day for first time in Armenia. Partners for this activity were the AUA who hosted the event, Armenian-Indian Center for Excellence, Regional Mobile Application Laboratory for ECA, EIF, and MIC.

During the forum, successful women from the ICT sector, science, government and industry shared their knowledge and experience as well as the keys to success. Awards in various categories were granted to young girls based on competition results. The Armenian telecom operator GNC-ALFA CJSC sponsored the event.

### **A21. ICT Activities Matrix**

In order to join efforts and overcome possible overlapping issues, an ICT Activities Matrix containing planned ICT sector activities for 2012 is being developed jointly with the Enterprise Incubator Foundation (EIF), Microsoft Innovation Center (MIC), Union of IT Enterprises (UITE), recently established Association of Technological Startups (ATS), Gyumri Economic Development Foundation (GEDF), and 3D Modeling Union (3DMU). The first organizational meeting was held at EIF and a general agreement was reached to join efforts.

## **B. Pharmaceuticals/Bio-Technology**

### **B1. Review new law on pharmaceuticals**

Work under this activity started in the previous quarter by developing a report that identified legal problems and contained recommendations for amending the draft Law on Pharmaceuticals. In this quarter the LRT held extensive consultations with the Drug Safety Agency (DSA) and legal department of the Ministry of Health (MOH) to advance the proposed reform agenda and define assistance needs of the DSA and MOH in developing an updated, jointly developed draft Law on Pharmaceuticals. Future actions will focus on a comprehensive review of the local legislation and procedures applicable to enterprises operating in the pharmaceuticals and biotechnology VC and design a legal framework, institutional set-up, and regulatory oversight and quality control system that would promote the investment growth and export.

### **B2. Pharma Products Promotion in International Markets**

In order to assist Armenian pharmaceutical companies to enter new and/or expand their existing markets, EDMC supported their participation in BRIDGE EXPO in Tbilisi, Georgia. On April 21-22, 2012, the Union of Manufacturers and Businessmen (Employers) of Armenia and the Center of International Integration Support MASTER organized a universal trade-industrial exhibition in Tbilisi. The main goal of the exhibition was to foster economic cooperation between the two neighboring countries and organize B2B meeting between participants and local companies. EDMC supported Vitamax-E, Arpimed, Medical Horizon and Esco Pharm pharmaceutical companies, and the Konser food-processing company to participate in the exhibition by covering the cost of booth space and transportation. EDMC also supported the Armenian government delegation

to participate in the opening ceremony of the exhibition and in the BRIDGE International Economic Forum.

The exhibition contributed to the establishment of sound business connections and mutually beneficial agreements. The companies met and negotiated with seven Georgian partners and started negotiations for concluding contracts and preparatory work for the registration of their medicinal products in Georgia.

## **B4. GMP Compliance**

### **B4.2. CTD Guidance translation**

As part of the overall GMP compliance process, the government of Armenia issued a decree by which registration dossiers of medicinal products must be submitted in EU Common Technical Document (CTD) format starting on 01.01.2013. Thus, in order to reach exporting markets, local pharmaceutical manufacturers not only have to bring their production into compliance with GMP requirements, but they also have to submit registration dossiers in CTD format. Due to the absence of CTD guidance in the Armenian language, most of the local pharmaceutical companies face difficulties in understanding and applying the required format for preparing a medicine dossier for further registration in the local and export markets.

EDMC is assisting with the translation of the EU CTD guidance into the Armenian language (Notice to Applicants, Medicinal Products for Human Use, 303 page document in PDF format, [http://ec.europa.eu/health/documents/eudralex/vol-2/index\\_en.htm](http://ec.europa.eu/health/documents/eudralex/vol-2/index_en.htm)). Based on the translation, training is planned for the responsible people in the pharmaceutical manufacturing companies to understand and prepare the medical dossiers in CTD format. This would facilitate local pharmaceutical manufacturing companies to prepare medical product dossiers for registration both in the local and export markets. Translation work started in mid-June and a full translation is expected in early September 2012.

## **C. Food Processing**

### **C7. Global Good Agricultural Practices (GAP) Analysis Training**

Together with CARD, EDMC organized a Global GAP Analysis Training in Yerevan April 25-27, 2012. The training that was delivered by Dr. David Picha, an international expert from Louisiana State University, gathered 36 participants from a number of HFV producers and processing companies, state agencies (Food Safety, MoA, etc.), and agricultural cooperatives. The Global GAP training course covered topics such as: the adoption of Good Agricultural Practices, requirements for Global GAP certification, proper pre- and post-harvest requirements, cleaning, sorting, grading, cooling, and packing

According to observations and based on the number of field visits, Dr. Picha concluded that although significant market growth opportunities exist for the Armenian

horticulture sector, current constraints in production practices, cultivar selection, harvesting procedures, post-harvest temperature management, and packaging results in less than ideal product appearance and an abbreviated market life. In addition, Dr. Picha noted that fruit and vegetable growers, marketers, and agriculture extension agents in Armenia lack adequate training and technical information on many aspects of crop production and post-harvest care in order to have consistent supplies of high quality products, which is required for success in both the domestic and export markets.

## **C7. EU Market Access Requirements Training**

Together with RCI, EDMC organized a training June 12-13, 2012 in Yerevan on EU Market Access Requirements (MAR). The training was provided by international experts Hans Klerken and Piet Schotel from the CBI/Netherlands. The training had 39 participants from the herbal, fruit and vegetable processing sector, agricultural cooperatives, and representatives of the State Service for Food Safety.

The training included the following topics: food safety and quality standards of EU retailers, trends and developments in the EU-HFV Sector, EU legislation and Inco Terms, trading and payment terms, EU distribution channels, buyer requirements, etc. The training was informative and received positive feedback from the participants.

## **D. Hospitality**

### **D1. Developing Regional Tourism in Syunik Region**

#### **D1.1. Assessment and Development of Products**

This activity commenced during the reporting period in cooperation with OSCE which is providing local logistics support. It focuses on product development and marketing assistance, which is required to help local tour operators to better understand the competitive advantages of the Syunik Region, and to develop and sell (new) tourist products through individual tour packages.

STTA consultant Nadia Pasqual visited 32 protected nature areas and historic-cultural attractions in Syunik Marz. In addition to 19 meetings with local political authorities, directors of protected areas, hospitality and ecotourism experts, accommodation establishments, etc., she gathered information to assess the current situation in terms of tourist offers and its potential development. Meeting with Yerevan's tour operators also provided useful insights on what the private sector needs in order to sell tours to this region.

Syunik's nature and rich biodiversity - protected by state reserves and national parks/sanctuaries - represent a rich potential for the development of ecotourism and sustainable, community-based tourism, especially with regard to the southern part of Syunik Marz. New tourist products and itineraries to be defined within this assignment will mix ecotourism and historic-cultural attractions drawing tourists to Syunik

Marz. The STTA consultant developed five itineraries which will be included in the final guidebook that is being developed together with a map.

### **D1.2. Hospitality Services Training**

To complement the above assessment, a series of trainings on hospitality services has started and will be completed during the next quarter. These trainings are aimed at developing hospitality skills in Syunik Marz; it is essential that the newly developed products are presented with proper service provision across all sub-sectors and at the same and consistent quality level. Sessions cover those sub-sectors of hospitality industry that are directly involved in providing services to tourists as part of all tour packages - lodging, food services, and tourist guiding. Major focus is placed on developing the skills of middle management staff of the regional hospitality sector who are expected to further extend this newly acquired knowledge to line-level employees. The training includes the following topics:

- Hospitality Skills for Hotel Industry (Front Desk and Housekeeping)
- Hospitality Management for Hotel Industry
- Hospitality Skills for Food Service Industry (Food and Beverage Service)
- Hospitality Management Skills for Food Service Industry
- Food Safety for Food Industry
- Professional Skills for Guides
- Hospitality Skills for B&B Operators

The local trainers have internationally recognized certification by the American Hotel Association (AHA) and the World Federation of Tourist Guide Associations (WFTGA) and have strong industry experience and a proven record of hospitality training in the past. This will be an ongoing initiative for the next four months; the first training session started during this reporting quarter, where 12 people from two villages of Shikahogh state reserve area participated in the Hospitality Skills for B&B Operators training.

### **D7. International Visitor Survey**

Initial preparatory work has started for the planned international visitor survey, as requested by the Ministry of Economy. EDMC is discussing the proposed activity with GIZ, MoE and the NSS. GIZ has contracted an international expert who is expected to work on the questionnaire and the methodology in the course of July. Based on his feedback, EDMC will develop a task worksheet to support the actual border point survey expected to start in early autumn.

## **E. Cross cutting and other activities**

### **E3. Jewelry, Diamond-Cutting and Watch-Making Sector Development Strategies**

EDMC has contracted EV Consulting for the implementation of this activity. The background research has been performed, through collection and analysis of secondary data on recent performance of the sector, including the dynamics of production, sales, exports and imports, number of companies involved in the sector, number of workforce

employed and levels of productivity. The background research also covered the taxation policies for the sector as well as the main export markets for Armenian jewelry, diamond-cutting, and watch making products.

The study of international experience and recent trends is in progress. The study includes the dynamics of global production and sales, the current market situation, as well as main trends and opportunities in the industry. Additional studies are ongoing to research specific countries that have been successful – both internally and internationally. For each of those countries sector-specific cases are analyzed to reveal the main factors and drivers of success. Specifically, the role of government policies is thoroughly analyzed for these countries to understand its role and significance for sector success and analyze the possibilities of implementing similar policies in Armenia.

On June 27, 2012, a kick-off meeting with the industry was organized at the Ministry of Economy. The goal of the meeting was to present to the sector representatives the idea of the export-led industrial strategy based on public-private partnership and inform about the start of the strategy and action plan development process by EV Consulting.

#### **E4. National Competitiveness Report of Armenia 2012**

EDMC provided support to the developers of the ACR, EV Consulting, to edit, translate and prepare for design and printing of the report. International expert Peter Wilson reviewed the content of Chapters 4 and 5 on Management Skills and provided specific comments and recommendations on their content. The report was published and launched at a public event on April 18, in the presence of Prime Minister Tigran Sargsyan and Mission Director Dr. Jatinder Cheema.

## **2. WORKFORCE DEVELOPMENT**

During the quarter, WFT focused on the implementation of capacity building events and skills training programs in Quick Start methodology, High Tech and Hospitality sectors. The component completed the Quick Start methodology training for the VET institutions from the northern, southern and central regions of Armenia and Yerevan City. Around 80 educators from 40 institutions learned the Quick Start program concept and tools. During the second stage of the program, EDMC will prepare and distribute Request for Proposals to VET institutions to implement pilot Quick Start trainings with businesses which have a need for new skilled workforce. The key challenge for the successful Quick Start programs is the capacity of VET institutions to outreach to businesses in rural areas and small towns. The workforce needs in the regions are still nascent.

In cooperation with the American University of Armenia's (AUA) College of Engineering and the Extension Program, the EDMC project has initiated trainings for the IT sector to satisfy the required skills demand by the IT companies. AUA launched the first Web Design of the three IT trainings on development of workforce skills in the HT sector. The group has 18 trainees which include participants from Synopsis Armenia, Ameriabank,

Bridge of Hope NGO and others. Android and iPhone trainings are planned to be conducted in July. Although based on our initial IT companies' research, there was a demand for the mobile programming skills (Android and iPhone). AUA is having difficulty with recruiting qualified applicants from companies for the trainings. The team, with support of the high-tech expert, is assisting AUA to identify qualified applicants from IT companies.

As part of Workforce Development in Hospitality sector, STTA Alvin Rosenbaum developed core curriculum for an AUA Hospitality Management Course and conducted a two day ToT for the participants. The following action steps to be taken over the next two years are:

- Survey Research - An asset audit, including both qualitative and quantitative data collection, to provide baseline data that will inform curriculum and course content decisions.
- Tourism Industry Forum - A conference to report the results of the asset audit, discuss product development, and consult with the industry on curriculum and course content decisions.
- Syllabus - Detailed course content for both instructors and management trainees with ToT orientation and rehearsals.

### **2.1.1 Building ties between universities, VET, high schools, career centers and potential employers**

On May 17<sup>th</sup>, the European Regional Academy (ERA) in Armenia conducted its first career fair for Academy students, graduates, and alumni, with the support of the EDMC. During the fair around 30 employers, 10 career guidance, educational and employment organizations, as well as an estimated 1000 students participated in the event. Companies were from various sectors of the economy, including and not limited to banking, telecommunications, information technologies, tourism, pharmaceutical, insurance, retail and media. ERA career day helped students focus on employment and internship opportunities by presenting Yerevan's current labor market demand trends, available jobs in the market, and new skills opportunities. The fair provided youth jobs, the emerging skills required for future jobs, as well as options for internships and seasonal jobs. Career day activities featured employers offering youth employment or internships and education representatives providing career guidance information. Additionally, students had access to sessions on how to create a CV and hold a professional interview and learn what the key challenges are in the labor market; in addition they learned the entry level requirements in the pharmaceuticals and telecommunications sectors.

On May 14 the component conducted a briefing for approximately 15 employers and provided them information on how to be successfully prepared for the Career Day at the European Regional Academy.



The team, in cooperation with the value chain team, met with FESTO Didactic and the Informatics College to discuss the possibility of helping the college to get part of the training equipment from FESTO for their newly established Mechatronics department.

The team met with the director of the Career Center of Yerevan State University to discuss their current students' employability and internship programs and activities with the business community as well as possible future cooperation in the area.

The WFD team and the Dean of Business School of Russian Armenian (Slavonic) University discussed their student employability programs and possible cooperation details particularly in the area of hospitality management and training courses for mid-level skills for the sector.

HR.am job portal presented to WFT their current internship programs and activities with universities. Possible cooperation in the area was discussed.

JobFinder.am job portal and WFT discussed internship programs and activities with universities as well as possible future cooperation in the area.

### **2.1.2 Develop training courses with VET institutions in VCs**

STTA Alvin Rosenbaum developed the core curriculum and conducted two days of training of trainers on a Hospitality Management Course for ten selected AUA extension department trainers. The STTA developed a strategy with recommendations for Workforce Development in the Hospitality Sector and the next steps for establishing a complete certified training course at AUA.

WFD team in cooperation with the High Tech expert prepared and implemented programs on development of workforce skills in the HT sector: supported the AUA to launch the first of the three IT skills trainings as part of the joint EDMC and AUA program; drafted a TOR for supporting the Instigate Training Center Foundation to conduct trainings in its newly created center at Goris State University and finalized the SOW for the expert who will develop a quality Android and iPhone iOS curriculum for GITC and will conduct training for trainers for GITC's trainers.

### **2.1.7 Teach Quick Start Methodology to selected industry associations and VET institutions**

WFT developed a workforce strategy to implement a Quick Start (QS) Training Program in Armenia using information from face-to-face meetings with key representatives from businesses, VET institutions and training centers. The team made visits to Tavush, Lori and Shirak marzes, and met with educational institutions (VETs and Colleges) as well as business chambers. In addition, a three day field visit was made to Vayots Dzor and Syunik marzes and meetings with 15 educational institutions (VETs and Colleges) along with business chambers and donors were held. Based on the meetings, a TOR for QS Training Program was developed and three training groups were made up for the northern, southern and central regions of Armenia and Yerevan city.

The lessons learned from previous partnerships were assessed and Quick Start methodology trainings were implemented by STTA consultant Kurt Becker; they took place in three regions of Armenia (Jermuk, Yerevan and Dilijan) for the three groups including 80 participants from 40 VET institutions, colleges, universities BDSs, NGOs and businesses from the EDMC target sectors. This included introduction to the Quick Start methodology, practice conducting job analysis, and preparing a training program and discussion of Quick Start’s usefulness, advantages and disadvantages, and opportunities for implementation.

Based on the QSM trainings the participants will initiate a pilot Quick Start training program in the selected areas of tourism, IT, food production and pharmaceuticals.

### **2.1.9 Improve job-matching web sites and private employment services providers**

STTA Philip Hurst has begun his assignment to train private employment services and university career centers in communication, presentation and sales skills for more effective interaction with employers and job seekers; provide recommendations on improving web-based job matching services and provide best practices review and standards for employers and job seekers services. The STTA will improve the services and performance of Private Employment Service Providers (PESPs) and university career centers, enabling them to identify and refer best qualified applicants to employers.

### **2.1.10 Building a consensus to enhance WF Development through interested parties’ task force**

In partnership with UNDP Armenia, EDMC organized a roundtable discussion on private sector contribution to the qualified workforce development in Armenia, with the main focus on youth potential. The main objective of the roundtable was to discuss the statistical evidence and policy options that could bring long lasting positive effects on youth employment in Armenia. During the roundtable EDMC collected proposals and activities aimed at promoting youth employability. The results are used for designing competitive Student Employability and Internships RFA soliciting programs from Industry Associations, Education Institutions, Career Centers and Private Employment Services Providers.

The WFD team participated in a two day workshop organized by UNIDO and UNDP on “Coordinated Support to Achieve Millennium Development Goals (MDG)” MDG Acceleration Framework Application in Armenia. The main objective of this workshop was to validate step one of the MAF analysis on identification and prioritization of key interventions and initiate step two by analyzing and prioritizing bottlenecks to some of the key interventions (covering broader employment issues pertinent to workshop participants). The team contributed to the development of the Framework with main focus on promotion of youth employment in the country.

## **Center for Entrepreneurship and Executive Development (CEED)**

### **2.2.5. Conduct 1<sup>st</sup> Top Class training program**

During the past quarter CEED has conducted 8 Top Class Sessions. Over 14 successful US and Armenian entrepreneurs shared their experience with Top Class Session participants. Among lecturers are famous entrepreneurs such as Ralph Yirikian, General Manager of VIVA Cell MTS, Roger Strauch, Chairman of the Roda Group (Berkeley, California), and Avetik Chalabyan, Partner at McKinsey & Company and Rich Goldman, Vice President of Corporate Marketing and Strategic Alliances for Synopsys and CEO of Synopsys Armenia. CEED had following topics for Top Class sessions for the past quarter:

- Business growth conducted by were Ralph Yirikian, VivaCell-MTS (K-Telecom CJSC) General Manager (Yerevan, Armenia), and Roger Strauch, Chairman of the Roda Group (Berkeley, California);
- Financial management speakers: Samvel Bareyan, Founder and General Director of SAMS Consulting, and Gurgen Hakobyan, Managing Partner at Grant Thornton Tajikistan and Partner and Deputy Director at Grant Thornton Armenia;
- Raising capital presented by Tanner Chaiken, Team Leader of the Access to Finance Component of the USAID EDMC Project, and Samvel Sahakyan, Investment Officer at the Small Enterprise Assistance Funds (SEAF) in Armenia;
- Operational efficiency conducted by Avetik Chalabyan, Partner at McKinsey & Company, a leading international management consulting firm;
- Sales conducted by Zarmine Zeituntsian, Head of Communication and Marketing Department of Ruben Vardanian and Veronika Zonabend (RVVZ) Foundation;
- Legal issues conducted by Sarkis Knyazyan, Managing Partner of Knyazyan & Partners IP Law Firm, and Artak Garoyan, CEO of Garoyan Legal Consulting;
- Leadership communication and negotiations, conducted by Pegor Papazian, Director of Development at the Armenian International Airports, and **Varoujan Avedikian**, Head of the Legal Department at the Central Bank of Armenia;
- Human resource management and organizational behavior, conducted by Maria Petrosyan, Human Resource Manager of Synopsys Armenia and Russia and Shushanik Arevshatyan, founder of Radio Van.

## **2.2.6 Organize Network Learning Events**

### **2.2.7 Promote CEED B2B cross-border event to be held in Poland in May 2012 and facilitate participation of Armenian companies**

On May 24-25, CEED organized an international conference in Warsaw, Poland, entitled "Growing Up & Out." The conference was also leveraged as an opportunity to share with participants opportunities in the Armenian market. CEED Armenia director established contacts with a large number of entrepreneurs and investors and specifically emphasized the potential of the value chains supported by EDMC in Armenia.

The conference in Warsaw was a unique opportunity for entrepreneurs from the Central and Eastern Europe to learn about the Polish market, meet potential partners from across the region and present their businesses and products to prominent investors. The

Armenian entrepreneurs had an opportunity to meet with potential partners from Poland and other European countries both at pre-arranged business-to-business meetings and informally during the networking events that were part of the conference. One of the CEED Armenia Top Class participants, Hayk Grigoryan, Director of Armenia Travel +M tourism company, returned to Armenia having signed a partnership contract with one of the largest Polish tourism companies.

### **2.2.8 Develop a CEED Armenia website and leverage it in informing potential Top Class participants and other stakeholders about CEED Armenia activities**

While CEED Armenia was working with a webmaster in the US responsible for all CEED websites on the development of a website for Armenia, a decision has been made to redesign CEED websites globally. CEED Armenia as well as CEED centers in several other countries with CEED presence collected bids from local website development companies to be sent to Washington, DC to select a company that will be responsible for the CEED website development worldwide. CEED Armenia has shared and discussed the scope of work for this project with several leading website development companies, resulting in 4 bids that are currently being negotiated to obtain the final offers. In the meantime, CEED Armenia website at [www.ceed-armenia.org](http://www.ceed-armenia.org) offers access to the information available on the CEED Global website at [www.ceed-global.org](http://www.ceed-global.org).

### **2.2.9 Develop a CEED Armenia brochure and other promotional materials**

CEED promotional materials were developed and leveraged to promote and recruit for the first generation of the CEED Top Class program. With completion of the first generation of the Top Class program, the promotional materials are being revised to incorporate the feedback from the program participants and use updated versions for subsequent CEED Armenia programs. CEED Armenia brochure has been developed with quotes from program participants about the ways CEED Top Class program strengthened their skills necessary to better manage their companies and created access to valuable contacts and networks that can lead them to pursue new business opportunities.

### **2.2.10 Develop criteria for matching mentors and mentees and complete the matching process**

Each Top Class participant was requested to share his / her preferences regarding future mentor's areas of expertise, the expectations from mentorship meetings and the names of people they met within the CEED Top Class program or elsewhere that they would like to develop a mentorship relationship with. The best effort was made to match the participants with the guest speakers of the Top Class program who also volunteered to work with entrepreneurs in the role of a mentor, based on the information provided by the participants. In addition, some participants requested meetings with leaders of companies that had not been part of the Top Class. CEED Armenia representatives

developed relationships with the leaders of these companies and invited them to join as Top Class mentors. An example is the director of Logicon consulting company who one of the Top Class participants felt was best positioned to guide her in the launch of her new business idea.

### **2.2.11 Facilitate / help organize meetings between mentors and mentees**

CEED Armenia matched Top Class participants with 3 mentors each and facilitated the organization of the mentorship meetings. All mentors and mentees were requested to complete the mentorship meetings by July 1, with some being slightly delayed due to the mentors and / or mentees travel plans. All mentorship meetings were held in the one-on-one format in order to develop a personal relationship that will continue beyond the completion of the CEED Top Class program. The only case when the mentorship meeting was with a group of four was the meeting with Ralph Yirikian, Viva Cell-MTS General Manager.

### **2.2.13 Conduct evaluation meetings with Top Class participants upon completion of the program**

Individual evaluation meetings with the Top Class participants are being scheduled to be held in July and August 2012. In addition to providing a final evaluation of the program, the participants filled out an evaluation form after each Top Class session, where they had an opportunity to rate the effectiveness of the speakers, assess the extent to which the session was useful and relevant to their companies, and point out areas where the program could be improved or was particularly useful.

### **2.2.14 Organize Top Class graduation event**

On June 28, CEED Armenia held the Top Class Certificates Awarding Ceremony, which was attended by program participants, mentors and guests. The formal part was followed by a reception where participants and guests had an opportunity to network and establish new contacts. After the Ceremony the Top Class group was hosted at the home of one of the Top Class guest speakers and mentors, Roger Strauch, Chairman of the Roda Group, a seed stage venture capital group, based in Berkeley, California. One of the guests at this farewell party was another prominent entrepreneur from Silicon Valley, Adam Kablanian, CEO at Memoir Systems, previously Chairman at IconApps, Inc., Chairman of the Board at **Virage Logic**, and CEO at iCON Communications.

### **2.2.15 Evaluate the first year of Top Class, incorporate feedback from evaluation meetings and adjust the second year program accordingly**

Feedback from the first generation of the Top Class program is being collected and analyzed in order to incorporate the lessons learned into the second generation of the program. The feedback has been received through evaluations forms completed after

each Top Class session, conversations with program participants, email exchange, etc. Upon participants' requests, some additional elements were included in the first generation of Top Class to ensure that the program best meets the needs of the participants. Examples of such revisions included several additional Top Class sessions, such as the one dedicated to presenting participants' companies and products, creation of a Facebook group for the participants of the first generation of Top Class. In addition, individual evaluation meetings with Top Class participants are scheduled in July and August 2012.

### **3. REGULATORY REFORMS**

During the quarter, the LRT held two key events: a high level conference on competition, co-sponsored by the SCPEC and the AMCHAM, and a roundtable discussion on government procurement, co-sponsored by the SME-DNC and the Chamber of Commerce. The team also developed several papers proposing solutions to eliminate legal gaps and constraints, such as discussion papers on promoting SME access to the government procurement market, streamlining the import regime for the import of pharmaceuticals for human and veterinary use, and simplifying export certification procedures for the goods with military and civilian use (dual use goods). The core accomplishment is developing reform recommendations to align SPS/TBT requirements and laboratory testing needs in the food processing and pharmaceuticals VCs with EU requirements. Work in this area compliments EU work on the policy-level with practical solutions for the selected VCs. Another core activity that was initiated during this quarter but will be completed in the next is to review mapping of all licensing and government authorization requirements, procedures and inspections applicable to enterprises operating in the selected VC to identify and propose for elimination obsolete procedures under the Government's Regulatory Guillotine Program.

#### **3.1.5 Improving competition enforcement practices in selected VC**

The LRT hosted a high-level conference on competition issues and solutions, co-sponsored by SCPEC and AmCham. The conference opening remarks were delivered by the U.S. Ambassador Mr. John Heffern and the Chairman of the SCPEC Mr. Artak Shaboyan. The conference highlighted competition "bottlenecks" in the selected VCs caused by anticompetitive practices: abuse of dominant position, collusive agreements etc. Future efforts will focus on working with SCPEC to address the identified competition constraints in each of the VCs through the proper legal and administrative channels. The LRT will also work in close collaboration with other donor-funded initiatives, including the EU Delegation and the EU Twinning Project on Competition, the German International Development Agency (GIZ) and the World Bank; within the collaboration framework, the LRT will bring forward problematic issues from the business point of view, and in this way, compliment the efforts of other donors that focus mostly on policy-level interventions with the government as a counterpart. An immediate collaboration opportunity with the EU Twinning Project is developing assessments of the impact of current legislation on competition; the EU Twinning

Project will focus on general legislation while the LRT will develop competition impact assessments of the legislation governing the VCs supported by the EDMC. Another immediate collaboration opportunity is with the GiZ on co-sponsoring trainings on competition issues for journalists and representatives of business associations and consumer organizations.

### **3.1.6 Provide targeted assistance to the GOA in the pre-negotiation stage of DCFTA on promoting harmonization of domestic legislation with EU requirements in the selected value chains**

During this quarter, core assistance was provided to the government with respect to defining EU harmonization needs in the area of SPS/TBT in the vegetables, fruit and herbs food processing VC, as well as defining immediate actions to align industry requirements with EU practice. Reports developed by the LRT define the domestic legal framework and technical standards and practices with respect to SPS-TBT in the food processing VC and highlight corresponding EU or internationally accepted requirements. The LRT also developed a comprehensive assessment of laboratory testing needs of enterprise operation in the food processing and pharmaceutical VCs, assessment and reporting, and local SPS TBT requirements in the food processing area.

### **3.1.7 Aligning public procurement with international best practice**

In this quarter the LRT developed a discussion paper discussing solutions to promote on SME access to the government procurement market. The paper reflected EU best-practice recommendations in the procurement area and advanced several recommendations for developing procedures and legal amendments and developing corresponding procedures and guidelines. The LRT distributed the paper for review and comment to key counterparts and hosted a roundtable jointly organized with the SME-DNC and the Chamber of Commerce to discuss the recommendations made in the with private sector representatives and the Procurement Support Center (PSC) with the Ministry of Finance (MOF). Follow up work in the procurement area will include providing assistance to the PSC, specifically developing guidelines and manuals for businesses that provide information on applicable procurement procedures; use of the electronic procurement system; understanding the specific needs of the contracting authorities so businesses can prepare bids that propose goods, services and solutions that are tailored to these needs; how to self-evaluate for bidding processes; how to adopt a strategy for bidding and how to form partnerships to pursue procurement opportunities; check lists for participating in bids and sample agreements for joint bids by several SMEs.

### **3.1.8 Propose recommendations to strengthen IPR enforcement**

Efforts in this area during the quarter were focused on preparation and defining collaboration with the Intellectual Property Agency (IPA) and the EUAG and the EU Twinning Project supporting the IPA. Core work on improving enforcement and protection of Intellectual Property Rights (IPR) will be done in the next quarter, specifically providing assistance on developing a new copyright law. Work in this respect

will be in very close collaboration with the EU Twinning Project which has a core focus on improving enforcement through amendments to the Civil Code and patent legislation. As the EU is focusing on the enforcement area, the LRT will focus on improving copyright protection, an important area for enterprises' operation in the IT/high tech and pharmaceutical VCs. A follow-up action to the work on copyright and trademark protection will be developing the legal framework for technology transfers (know-how transfers) and geographic indications (appellations of origin). Geographic indicators will impact tourism and food processing with respect to branding of tourism destinations and food stuffs such as jams, juices, preserves, teas, herbs, etc.; a sound copyright law will enable technology transfers, commercialization of innovative solutions, etc.

### **3.1.12 Analyzing VC specific legal problem areas**

Examples of LRT assistance in addressing VC specific legal problems includes developing an assessment of legal requirements and corresponding procedures for importing medicine for human and veterinary use and advancing recommendations streamlining the process for action by the Regulatory Guillotine Council. Another assistance area is developing a comprehensive assessment of legal requirements and procedures for the export certification of goods for civilian and military use (dual-use goods). The assessment was developed in collaboration with private sector representatives from National Instruments, and recommended changes to the procedure will be jointly advocated by the UITE and the EDMC Project. Another core area of assistance that was prepared during this quarter, but will be implemented during the next, is developing the legal framework for e-commerce. As part of the government's ongoing efforts to enable the growth of e-commerce, the Ministry of Economy (MOE) has requested EDMC's special technical assistance and expert support in developing e-commerce legislation. The development of e-commerce will enable the growth of enterprises operating in the value chains (VC) supported by the EDMC Project, specifically the hospitality services in tourism VC by promoting electronic reservations, payments, etc.; the food processing VC by promoting electronic ordering and payment of fruit and vegetables for processing needs, delivery of supplies, etc.; the pharmaceutical VC by facilitating electronic ordering and payment of supplies, medicinal compounds, laboratory agents etc. The growth of e-commerce will also have a positive impact on the growth of the domestic high tech and IT industry, as well as will facilitate a more user-friendly provision of services by domestic banks.

### **3.1.13 Provide targeted assistance to the GOA under the Regulatory Guillotine Program**

Work in this area is in its preparatory stage and LTR will likely begin implementing activities in this area starting next quarter. The Regulatory Guillotine Program just recently started operating at full capacity and is very likely that the close collaboration with the EDMC Project will bring results in the next quarter, specifically with respect to streamlining requirements and procedures for the import of medicines for human and veterinary use, and export certification procedures for dual use goods.



### **3.1.14 Working with key stakeholders in the selected VC to promote a dynamic dialogue in implementing BEE reforms**

The LRT participated in GOA/donor seminars and working groups and provided assistance in the areas affecting the selected VC to promote prioritization of and commitment to key reforms in areas such as harmonizing sanitary and phytosanitary (SPS) requirements and technical barriers to trade (TBT) in the food processing and pharmaceutical VCs with EU rules and standards, including laboratory assessment, developing solutions for counteracting anticompetitive behavior in the selected VCs, increasing SME access to the government procurement market, simplification of the procedure for export certification of dual use goods. The LRT team has also deepened key partnerships in advancing the reform agenda with private sector businesses, most notably Tonus Les, pharmaceutical importer, MAP cannery, National Instruments, and business associations, including UITE, the RUEA, AmCham, the Chamber of Commerce and the SME-DNC. Work in implementing this activity is ongoing and will continue throughout the life of the EDMC project.

### **3.1.15 Promoting public awareness of the legal reform agenda through public outreach activities**

During the quarter the LRT developed analytical studies and discussed these with representatives from the government, donors, and enterprises in the selected VCs and business associations. The team also formed partnerships with business associations and key government agencies to develop and implement proposed BEE reform actions and advance the EDMC legal reform agenda.

The LRT strengthened partnerships with private businesses, business associations and NGOs, as well as government agencies responsible for developing policy and regulations in the areas of investment policy, market regulation, competition, procurement and tourism. The LRT identified legal gaps and constraints preventing VC growth in the area of harmonization of domestic SPS-TBT requirements with EU rules, laboratory testing needs of enterprises operating in the food processing industry and the pharmaceutical VCs. They also identified anticompetitive practices and behavior in the VCs supported by the EDMC project, promoting SME access to government procurement. The purpose of the materials developed by the LRT (presentations, reports, discussion papers) is to animate discussions with private sector, businesses associations, donors and government representatives on the practicality, viability and timeliness of the proposed solutions.

### **3.2.1 Providing VC specific assistance on harmonizing SPS and TBT with EU requirements**

During this quarter the LRT completed work in this very complex and highly technical area by developing a report defining the capacity of domestic laboratories including needs assessment and recommendations, a report defining domestic requirements for fruit, herbs, and vegetable food processing, and an institutional set-up highlighting

harmonization needs. Additionally, a comprehensive report including a detailed training guide on SPS requirements for the export of processed fruit, herbs, and vegetables to the EU market was developed. Next steps include partnering with a business association to in disseminating the findings of these reports as well as to develop detailed reform actions, including legal amendments and advocate for their adoption; the LTR will also support the VC Team in delivering extensive trainings on EU SPS/TBT requirements to local food processors, pharmaceutical manufacturers and laboratories.

### **3.2.3 Improving certified laboratory testing for products and services in the selected VC**

Work in this area was completed during this quarter and includes a report detailing laboratory testing and upgrading the needs of enterprises operating in the food processing and pharmaceutical VCs in light of harmonization with EU SPS and TBT requirements and/or forging partnerships with certified laboratories. Next step actions under this task will be aligned with the future efforts under task 3.2.1., where the LRT will partner with a business association to disseminate the findings of the report and develop detailed reform actions. The LRT will also support the VC Team in delivering extensive trainings on EU SPS/TBT requirements to local laboratories. Developing the necessary laboratory capacity is imperative for introducing and enforcing EU and internationally recognized standards, a key precondition for growth but also for the sustainability of Armenia’s food processing and pharmaceutical industries. Future actions include working with the government agencies, specifically the Food Safety Service (FSS) and the Scientific Center of Drug and Medical Technology Expertise implementing the recommendations and providing hands-on training to selected laboratories.

## **ACCESS TO FINANCE**

During the quarter, the ATF Component began providing direct technical assistance to the three PFIs through diagnostic assessments and conducted target sector financial mapping in order to determine the unmet financing needs of SMEs in the sectors. The first three months of PFI financing to enterprises in the sectors has been documented and analyzed. On the Foreign Direct Investment (FDI) side, a pipeline of companies for SEAF equity investments has been developing with one concrete investment in its final stages of preparation. Collaboration with other international donor initiatives continued with the ADB, the PFS and the USAID DCA.

### **4.1.1 Enable innovative practices in financial services delivery to the VCs and sectors**

### **4.1.4 Perform a diagnostic/SWOT analysis of the partner financial institutions (PFIs)**

In late April, the ATF Component began the diagnostics/strategy development for the three PFIs – Unibank, Araratbank and Armbusinessbank via STTA of SBI Consultant, Phil

Beavers. Mr. Beavers had previously completed the EDMC STTA for the development of final selection criteria for EDMC to choose the PFIs back in December 2011. The diagnostics were designed to assess the gaps in the bank's lending to the four EDMC sectors – based on the Sector Mapping findings (see next section below). Interviews with top bank management and branches and a review of their financial data were conducted.

All the members of the ATF team participated in the PFIs assessments under the guidance of Mr. Beavers in an intense period from April 25 – May 16, whereby all three banks were simultaneously assessed using a split-team approach. The structure of the assessments allowed the team to conduct its mission on the following six areas of bank performance: Management Performance, Market Segmentation, Credit Underwriting and Monitoring, Operational Efficiencies, Human Resources and IT&MIS.

The Team's findings indicate that while the three PFIs are committed to SMEs and are developing their SME lending at a healthy pace, there are two principal supply-side (bank) constraints that limit lending to SMEs in the four focus value chains: real estate-based collateral requirements and bottlenecks in the loan approval process. The following recommendations are therefore aimed at addressing and mitigating these limitations and are segmented into three categories: Demand Side Initiatives, Industry Wide Financial Institution Initiatives, and Partner Financial Institutions (PFI) initiatives. The Component has developed Terms of References for the STTA to implement the initiatives and have been developed for the following:

- Loan Officer and Credit Analysts Training Program
- CEO Forum
- Demand Side Client Training and Bank Marketing
- Reporting Systems
- SME Credit Rating Model via ACRA
- SME Structure
- Product Development
- SME Credit Scoring Model
- High Tech Company Analysis

#### **4.1.5 Prepare demand-side analysis for each sector (VCF Mapping)**

The ATF team began the mapping of the Pharmaceutical / Bio Technology sector in March as the Competitiveness Team completed the inventory check of the companies in the sector. It was concluded that this sector is somewhat narrow, as it is composed of only 13 relatively large production companies, and so it was decided to map the sector "in-house".

Preparations for the VCF mapping of the three larger sectors, Hospitality, High Tech and Fruit/Vegetable/Herbs began with the selection of a representative sample of companies to interview and a STTA TW for the mapping was approved by USAID. The

STTA was conducted by SBI consultant, Wybe Grovestins, with the support of the ATF team April 10 – 20, 2012.

The Mapping provided insight into the following:

- The types of prevalent business models in the sector;
- The relative importance of access to markets to access to finance in the sector;
- The flow of goods and payments between sector enterprises and their suppliers and clients and prevalent (contractual) delivery and payment conditions;
- Enterprise ability to access finance and the prevailing obstacles;
- Enterprise demand for finance and the effectiveness of that demand. Demand is effective when enterprises have the willingness and ability to pay interest on loans and comply with loans conditions.

Overall, 45 organizations were interviewed across the three sectors, and the eight interviews from the Pharmaceutical sector were incorporated into the mapping. The types of actors interviewed in the sectors included:

- Pharmaceutical manufacturers;
- Tourist Agencies
- Hotels, B&B's, Guesthouses;
- Travel websites;
- Canneries;
- Herbal tea processors;
- Farmers;
- Agricultural credit providers;
- Software developers;
- Web and internet application firms;
- Engineering design and services firms.

The mapping findings indicated that there is variation and degrees of financial access throughout the four sectors, depending on what the business models, spheres of activity and enterprise sizes are. Overall, most enterprises in the target sectors are growing thus requiring financing, are using financing, and will continue to need more and more sophisticated types of financing in the next several years. While there are many banks and MFIs operating in the country, the provision of credit is limited by high interest rates and high collateral requirements. Additionally, sectors such as High Tech are not understood by the sector and exporting risks are high. The EDMC's role in preparing the banks for this coming need is thus very important.

The recommendations regarding the sector-specific demands for short term and long term finance are to increase the availability of unsecured credit lines, better loan structuring, and trade finance products.

In June, the ATF team began conducting supplemental sector research in order to identify further opportunities for value chain financing. Interviews were held with several

High Tech and Tourism associations/unions including the *Viasphere Technopark 3D Modeling Union* and the *Union of Incoming Tour Operators*.

#### **4.1.7 Determine level of financing between PFIs and the sectors**

#### **4.1.8 Enable the SMEs or “anchor firms” in the sectors to obtain financing from the PFIs or intra-chain links and equity from SEAF**

As part of the partnership agreement between EDMC and the three PFIs, the ATF team began tracking and documenting the financial transactions between them and enterprises in the four target sectors. For the three month period from March – May, the three PFIs enabled 44 transactions totaling \$3,919,457 to enterprises in the sectors. In addition, in June, two loans were made by a non-PFI, Inecobank, to a pharmaceutical company, Escopharm, with which the ATF team had significant consultations. Including these transactions, there was a total of 47 transactions for \$4,124,457. Compared to the Year One Work Plan, this almost matches the target amount of \$4.2 million projected for September 30, 2012. While these results are a good start, it should be noted that once the core technical assistance is provided to the PFIs on new product development, SME lending underwriting and marketing, - and training to SMEs - the volume of transactions is expected to increase.

Analytically, the following can be seen regarding the performance of the three PFIs so far. The majority of the transactions were made by Araratbank and ABB – with roughly \$1.8 million disbursed by each bank. Unibank has been less effective however, with total transactions of only \$200,000 in the same period. A consultation was held with Unibank on this matter and they are looking into the situation to determine if it is a reporting problem or actually a lack of output.

Looking at the sectors themselves, the vast majority of the transactions were provided to the Hospitality sector – about 95% of the total, while the other three sectors had no more than \$100,000 in transactions each. An explanation for these results is that the Hospitality sector has the most common (numerous) types of businesses – hotels, restaurants, travel agencies – of the four sectors. Additionally, these are all Businesses to Consumer (B2C) companies marketing directly to the public, and thus easy to identify for the banks; whereas the core of the Pharmaceutical, High Tech and FVH sectors are made up of manufacturers and other Business to Business (B2B) companies. Specifically, the FVH sector is seen as risky due to seasonality, the High Tech sector is not well understood generally, and the Pharmaceutical sector has only 14 larger companies that are already leveraged with credit from other banks.

EDMC TA will address these issues with marketing training and direct forums between the PFIs and the sector enterprises, new products, and HT sector training for the PFIs is planned for July. Additionally, Araratbank has recently formed a partnership with the EBRD and KfW to develop agricultural lending, and this should help them overcome their hesitation for lending to farmers.

The ATF team also has been working to support other non-PFIs in their activities related to financing the EDMC sectors. Specifically, support is being given to General Finance and Credit UCO (GFC) in direct relation to the DCA guarantee that the GFC received in September 2011, which it has been unable to utilize. Several discussions were held and on June 22, the ATF team participated in a conference call with GFC and technical advisors from Shorebank International in the UK regarding accessing loan capital from international sources.

Additionally, discussions are being held with the newly-established *Goodcredit UCO* about building their capacity for agricultural lending for synergy with their parent company's fruit and vegetable cannery operations in Etchmiadzin. A meeting was also held in May with *SME Investments UCO*, part of the SME DNC state organization in May. The competitive advantage of the organization (compared to other UCOs) is that it can offer below-market interest rates to selected enterprises, due to its being state-supported, and thus non-profit and low cost of funds. The EDMC and the Asian Development Bank are planning on supporting the SME DNC, and so working with their UCO arm may be possible as well.

#### **4.2.1 Lower Financing Risks**

#### **4.2.2 Develop and implement an action plan for increasing access to credit guarantees and credit enhancement programs for SMEs in the target sectors**

*ADB Women's SME Support Program* – EDMC ATF discussions continued with the ADB on the development of this new project which will provide a \$20 million credit line to Armenian commercial banks. At a June 5<sup>th</sup> meeting of the ADB Manila delegation and the EDMC's ATF and VC Team Leaders, the ADB explained that 50% of the credit line must be allocated to "Women's SMEs" – which they are broadly defining as SMEs that have a woman owner, a woman manager or a majority of the employees are women. They are currently having a local contractor do an assessment on women's SMEs, and then in July/August a Fact Finding mission will come back to assess the potential partner banks. The plan is to have the signing of loan agreement with the banks in October. As for the EDMC, support was offered as needed for data gathering; while the main interest for the project is for the ADB to channel some of the \$20 million credit line to the PFIs.

*USAID Development Credit Authority (DCA)* – Following the February DCA visit a Term Sheet for a multi-bank guarantee facility for the three EDMC PFIs was drafted. Subsequently, Araratbank decided to not take on the DCA guarantee, and so now only Unibank and ABB were scheduled for the next phase – a due diligence mission by the DCA which ran from June 25 - 29 in Yerevan. EDMC ATF supported DCA officer, Stephen Matzie, in organizing the bank meetings and providing him with the EDMC diagnostic assessment of the two banks. The intent is to have the DCA guarantee agreements signed with the two PFIs before the end of September.

*Partners for Financial Stability (PFS)* - Following-up on the two discussions in February with Scott Calhoun, from the implementing partner, Deloitte, regarding their Tier One

initiatives of creating a system for e-auctioning of movable property (collateral) and establishing a State-backed export finance agency institution, another meeting was held on May 23<sup>rd</sup> to update the EDMC ATF team on the status. The project will establish a website that the public can use to bid on seized collateral from defaulted borrowers. The Union of Banks will be a main supporter of the initiative. Over 90% of business loans are secured by real estate collateral, partly due to the fact that banks do not have an efficient way to sell repossessed movable property. The PFS hopes that the system will spur small business lending based on movable property, rather than real estate as collateral, by allowing for faster sales and higher prices from a public auction system. One potential challenge could be that the banks currently hold very little movable property as collateral, and they usually sell what they do have to their own staff or friends/relatives. PFS is conducting a survey of the banks to assess the need for an e-auction system, and EDMC ATF has offered to assist if needed.

#### **4.2.3 Provide financial management and access training to SMEs in the sectors**

On April 26, 2012, CEED held a “Top Class” session on financial management and access training to SMEs in the sectors. Both the ATF team leader and SEAF representatives managed the session. The training included the concepts of best practices for using debt such as loan structuring, seasonality and cash flow analysis plus equity financing and also discussed the various financial products available to SMEs in Armenia. The Top Class participations asked a wide range of questions and stayed after the session for an informal discussion with the presenters. In total, 20 SMEs in the target sectors participated in the training.

#### **Small Enterprise Assistance Funds (SEAF)**

##### **S1. Establish a satellite representative office of SEAF Caucasus Fund in Armenia**

The procedure of establishing a representative office of SEAF Caucasus Growth Fund in Armenia turned out to be much more complicated than was initially estimated. After the document package was ready, Central Bank of Armenia required one more additional document to be submitted from SEAF headquarters. This significantly postponed the submission process. However, the total document package was finally developed as required and submitted to the Central Bank According to their regulations CBA will review it within two months and register the office.

During the process of registering the representative office, SEAF has identified a number of legal issues that can affect the fund management in Armenia. However, those issues are not yet systemized as SEAF is currently working on the feasibility study to be conducted in Armenia which will give a more thorough view on these issues.

##### **S3. In conjunction with CEED and VC team, identify SME candidates for equity financing according to developed criteria**

The SEAF team is continuously seeking and identifying potential candidate companies. For this task, SEAF is utilizing the EDMC value chain company database to pick up

companies that have identified equity investment needs. Value chain also provides contacts to various associations, unions, techno parks and governmental and semi-governmental agencies that have access to larger databases of companies in our VCs and beyond them. These organizations include but are not limited to: UITE, Union of Manufacturers in Armenia, SMEDNC, Armenian Development Agency, and the Union of Startup Companies. SEAF also gets many references from PFIs, other banks, investment companies, and audit and consulting companies like Grant Thornton and SAMS consulting. The identified companies are being screened according to the criteria of SEAF and EDMC. More than 30 companies have been interviewed during this quarter.

**S4. Conduct a quick analysis of identified SMEs with respect to their financial, legal, and managerial capabilities for meeting SEAF and EDMC financing criteria**

If the companies identified in the S3 point are passing the screening procedure and comply with the initial requirements and criteria of SEAF and EDMC, they are shifting up to a new stage of the deal flow procedure which is the brief analysis of the companies. This includes quick analysis of their historical financial statements, ratio analysis, assessment of managerial capabilities, asset base, indebtedness, review of legal documents, and a brief market research. For this purpose SEAF has developed an application/questionnaire that companies need to fill out and submit to SEAF. The application includes all the information that is needed for the preliminary assessment of the company with respect to their historical operational results and future prospects. Seven applications were submitted during this quarter, three of which were rejected; one company is currently in the assessment process and applications of three companies/projects gave positive results and ultimately passed to the next stage.

**S5. Provide a thorough financial and legal due diligence for the identified SMEs and prepare them for the deal**

Three companies/projects have passed to this stage of the deal flow procedure. SEAF has done thorough financial due diligence for two of them and developed a comprehensive financial model for them. Based on those models, SEAF developed investment memos for those companies which were submitted to the Georgian office for review. For one of the companies, we are currently in the process of collecting all the required documents and have started to develop the financial model. We estimate finishing the investment memo for this company by the end of July 2012.

**S9. Identify local intermediary organizations according to developed criteria**

We have identified and interviewed six intermediary organizations in Armenia: Armenbros, Capital Asset Management, Tonton Investments, Future Capital Market, Cascade Investments and Renesa Investments. As all those companies are under strict regulation by the Central Bank and they all have put financial and corporate information on their web pages. We have used all that information to develop a comparative financial profile/table for each of them which will be used for further selection.



## **S10. Select two intermediate organizations for further partnership**

We completed a quick assessment of identified intermediary organizations and here are the brief results: Cascade Investments is in trouble and closing down because they do not comply with the capitalization normative; Future Capital Market, Tonton Investments, and Renesa Investments are engaged only in repo deals and do not have capacity and even willingness to be engaged in asset / portfolio / fund management practice. Only two companies complied with our criteria and can be considered as a further partner for SEAF: Armenbrok and Capital Asset Management. Out of those two, Capital Asset Management considers us as a potential competitor as they are also trying to raise funds in Armenia and did not want to cooperate with us. Only Armenbrok Investment Company was selected for further partnership.

## **5. CROSS-CUTTING INITIATIVES**

### **5.1 Monitoring and Evaluation**

EDMC has revised and updated the five-year Performance Monitoring Plan. During the last quarter, the Project reviewed baseline data for VCs. EDMC has defined its approach on data collection and reporting for each VC. The High Tech Value Chain baseline and annual data collection will be done through Enterprise Incubator Foundation (EIF) Armenian Information Technology Sector Industry Report. In July, the Project will have short term consultants to revise the methodology of the EIF survey. The Project met with National Statistical Services of Armenia representatives for baseline and annual data collection for three VC sectors.

The Project training database has been developed and training evaluation forms have been introduced for further reporting. The Project will draft a scope of work for monitoring and evaluation software to outsource it through grant projects. Project deliverables for trainings, seminars and roundtables are monitored on a monthly basis.

Over the past quarter, over 600 people participated in the events organized by EDMC. EDMC organized over twenty programmatic events including seven trainings: Quick Start Methodology Training in three regions of Armenia, EU Market Access Requirements Training for Food Processing and High Tech Sectors, and Hospitality Management and Web design AUA Extension trainings. The number of trained participants is 162 including 92 women. Eleven Top Class sessions were conducted by CEED program for 22 participants.

### **5.2 Grants Implementation**

During the quarter EDMC received 17 unsolicited grant applications including: eight in Hospitality, four in Food processing, two in High tech, two in Pharmaceutical/Biotechnology, and one in Access to Finance. All received applications were reviewed towards their compliance with the existing Grants Manual requirements and were distributed among appropriate staff for initial evaluation. The evaluation

results will be available in mid-July after which applicants will be informed on the results and those pre-selected will be required to present full applications.

In parallel, internal procedures and documentation on grant management were reviewed. Revised versions aim to ensure transparent and fair competition processes. An unsolicited grants package was completed and approved. The solicited grants competition application package is in the final stage. The changes will apply to the applications that will be received after July 1, 2012; the first announcement dissemination is planned in mid-July.

### **5.3 Public Outreach and Communications**

During the quarter EDMC public outreach and communication activities were concentrated on producing positive and extensive media coverage about project activities and events, including:

- more than 50 electronic articles (eMedia.am, PanArmenian, ePress.am, 7or blog, b24.am, 1in.am, news.am, ArmenPress, ArmInfo, ARKA, Hetq Online, ArmTown.com, Groong, NewsInfo.am, Noratert, NT.am, ankakh.com);
- online and broadcast TV – 10 beats (H1, H2, Kentron, CivilNet, ArmNews, Yerkir Media, Azatutyun/Radio Liberty);
- five printed articles (Orakarg daily, Hayastani Hanrapetutyun, Haykakan Jamanak, Delovoy Express), and radio – five news mentions (Public Radio of Armenia).
- In addition, three project interviews were conducted - COP interview with ArmInfo in English and Russian, VC Team Lead interview with ArmInfo in Armenian, and STTA Nadia Pasqual's interview with Hetq.am in Armenian. To summarize, project coverage has been largely positive and there has been a stressed need from the media to find out more about project activities in supported sectors. EDMC will devise a number of media initiatives to address this need and strengthen media relations.

Eleven press releases and four media alerts (both in English and Armenian) were produced to publicize project activities, as well as talking points for five events, two catalog speeches, one project presentation for local and international SMEs and IT experts at DigiTech event.

EDMC produced its first project newsletter "EDMC Updates" for the month of June and outlined a content plan for the July newsletter. The newsletter will be distributed among the English-speaking community of Armenia: US embassy, USAID Armenia, USAID projects, international projects and donor organizations, as well as representative offices of international organizations. An annual project newsletter is also planned to mark the end of the first year at the beginning of October.

EDMC produced separate English and Armenian project overviews which were widely disseminated throughout quarterly events.

The project website design and content were revised and a range of new news articles were produced for the website. EDMC also evaluated social media opportunities and established a social media presence (Twitter.com/usaied\_edmc, and Facebook, which is soon to be a published page).

## ATTACHMENT 1

## PROGRESS AGAINST WORK PLAN

#	Task	Activities	Progress	Deliverables	Date of submission to USAID	Note
<b>Component 1. Value Chain Competitiveness</b>						
1.01	Pre-selection and analysis of sub-sectors and value chains	Conduct a desk study - identify and evaluate subsectors with high potential of exports, imports, income growth and employment	Completed	Long list for selection of 20 subsectors with 40 value chains List of preselected 20 subsectors with 40 value chains	October 14, 2011 December 21, 2011	
1.02	VC selection and analysis	Prepare questionnaires, select relevant companies and conduct interviews	Completed	40 summary reports per VCs		40 summary reports submitted by GTA and GSPC to EDMC for qualitative and quantitative analysis and VC selection
		Undertake quantitative and qualitative (DRC, PNA and SWOT) analysis. Select subsectors and VCs in collaboration with GOA and USAID.  Select subsectors and VCs in collaboration with GOA and USAID	Completed  Completed	Presentation to USAID and GOA  Final Report on Qualitative and Quantitative Analysis in the Selection of Value Chains for the EDMC Project List of selected subsectors and VCs	December 14-15, 2011  January 19, 2012	
1.03	Project launch event and stakeholders workshops	Announce selected subsectors and VCs at project launch	Completed	Launch event and 6 workshops	February 15, 2012	

		First meetings with VC stakeholders to identify constrains/ opportunities and discuss possible solutions				
1.04	VCs stakeholders and companies inventory	Conduct desk study. Meet with associations and other VC stakeholders Compile an inventory of all VC players (including BDS providers)	In process	Database with VC contacts		Database with basic contact details currently contains almost 200 stakeholders
1.05	Tripartite VC Working Groups establishment	Develop a short-list based on the inventory of VC stakeholders Consult with GOA and USAID Organize initial VC Stakeholders meeting	In process	Tripartite VC Working groups members list		<ol style="list-style-type: none"> <li>1. EDMC is member of the Pharma Sector Bpoard of MoE</li> <li>2. HT – a consultative group has been established, including EIF, UITE, 3DMU, GEDF, GITC, MIC, ATA, now working on a coordination ICT matrix;</li> <li>3. HFP – joined the Agriculture Alliance</li> <li>4. Hospitality – working closely with MoE/Tourism Department, as well as Union of Incoming Tour Operators, the Guides Guild, the B&amp;B Association,</li> </ol>

						and Yerevan City Hall
1.1.1	Rapid diagnostic assessments/ management systems and skills enhancement	Conduct rapid diagnostic assessments at the professional association level and with key lynchpin enterprises at different segments of the VCs	Completed	Management systems and skills assessment report and list of recommended interventions	May 30, 2012	
1.2.1	Sector-specific game-plan for competitiveness enhancement and related skill set enforcement	Use gaps/needs assessment and expand on specifics Develop action Plan for BDS specialization and improved applicability Ground-truth findings with tripartite Working Groups	In process	BDS providers Directory (brochure and web-based searchable database, together with SME-DNC)		Agreement reached with SME DNC and activities ongoing.
A1.	HT products promotion in international markets (Hannover Exhibition)	Work with UITE, EIF and 3DMU to prepare publications, booth, etc.	Completed	Armenian HT Sector presented at Hannover Exhibition	May 15, 2012	
A2.	Encourage creativity and introduction of new technology products/ innovations	Cooperate with MIC and Microsoft RA on Imagine Cup students worldwide idea competition	Completed	3 awards issued in April (worldwide finals in July)	May 2, 2012	Winner participatyes in final competition in Singapore in July
A3.	IT Commercialization	Cosponsor ICT Leaders meeting (ex-pat keynote speaker, participation from selected sectors)	Completed	ICT leaders meeting held in May	April 11-12, 2012	
A4.	Developing Cross Sector Synergies with HT	Competition for ideas in conjunction with Food Processing, Pharma/ Biotech and Hospitality		3 competition awards per sector (in November 2012)		Discussions initiated

A5.	Specialized training in HT entrepreneurship	Organize training for HT companies		Training delivered 5 start-ups coached per trained participant		
A6.	Specialized training in mobile applications	Organize training, including TOT	In process	Training delivered		Training starts in July
A7.	IT solutions for other sectors	Provide international experience through key-note speaker and participants for Digitech Business Forum	Completed	Digitech Business Forum participation	June 15-16, 2012	
A8.	Specialized HT sales and marketing training	Prepare and deliver tailored training course		Training and ToT delivered		TWS developed
A9.	Developing a competitive regulatory framework for the HT sector	Review issues: dual use goods, reference pricing, temporary import issues, e-commerce, state procurement	In process	Report with action recommendations submitted to stakeholders and GoA		Draft report prepared, undergoing final review.
A10.	How to do financial analysis of HT companies	Tailored training for banks and financial institutions	In process	Tailored training delivered		TWS developed
A11.	Support developing regional HT hubs – Gyumri Technopark	Review legal status of Gyumri Technopark		TA delivered to Gyumri Technopark Position paper and recommendations		GEDF currently receiving TA from GOA/WB. Discussions on next phase/steps for EDMC
A12.	HT sector end-market analysis	Analyze domestic and foreign markets, potential products, for strategic planning purposes	In process	Report with recommendations		TWS developed
A13.	Idea generation summer camp	Summer camp for students to generate ideas in HT applications		Awards issued for 3 best ideas per selected sector		EIF postponed the initiative.

A14.	HT products promotion in international markets (ArmTech)	Work with UITE, EIF and 3DMU to prepare publications, booth, etc.	In process	Armenian HT Sector presented at ArmTech (USA) in Oct/Nov 2012		EDMC is participating in organizational meetings and discussions
A15.	Conduct skills training for IT specialists.	In cooperation with AUA and selected High Tech businesses to implement basic programming (Mobile apps, Java, Web development, etc.) skills training for IT specialists.	In process	Training for at least 15 participants 80% of whom will be employed.		See 2.1.2.2
A 16.	Conduct High Tech related soft skills training such as project management, sales and marketing	Work with High Tech companies to identify the demanded "soft skills" and organize trainings on the needed skills in cooperation with AUA.	In process	Training for High Tech companies.		See 2.1.2.1
A17.	Organize TOT on Mobile Blackberry at Gyumri Information Technologies Institute	Organize the TOT at GITC for up to 15 participants – 5 from GITC and 10 from HT businesses.	In process	Training of Trainers		See 2.1.2.2
B1.	Review new law on pharmaceuticals	Legal review and analysis Consultations with MPIU	In process	Report with action recommendations delivered to MPIU and GOA		Review of the existing draft law was completed. Discussions are continuing; expert to work on the law expected end-September.
B2.	Pharma Products Promotion in International Markets	Sponsor registration, boot, marketing and transportation for pharma companies	Completed	Report on participation of local pharmaceutical producers at BRIDGE EXPO 2012, which will include number of inquiries, potential partnering opportunities and general description of the event	May 25, 2012	BRIDGE EXPO will be held in Tbilisi on April 21-22, 2012



B3.	GMP implementation	Cosponsor Meeting Without Ties together with MPIU	Completed	Conference held on March 23-25, 2012	March 23-25, 2012	
B4.	GMP Compliance	Identify gaps in GMP, SOP, etc. Send Drug Agency inspectors to specialized training abroad Joint company audit – STTA and Drug Agency inspectors	In process	3 Drug Agency inspectors attended specialized training abroad On-the-job training conducted for Drug Agency inspectors Recommendations and TA on how to close gaps per company Application for membership/ accreditation completed		1. Training available in early fall. 2. Cancelled. The Drug Agency will resolve on-the-job training for inspectors with a bilateral agreement with the Estonia Drug Agency.
B5.	Training in Good Pharmacy Practice (GPP)	ToT and training for PBT companies		Training and TOT delivered		Scheduled for December 2012
B6.		Training in Good Storage Practice (GSP)	TOT and training for PBT companies	Training and TOT delivered		Scheduled for September, 2012
B7.	Pharma/Biotech sector end-market analysis	Analyze domestic and foreign markets, potential products, for strategic planning purposes	In process	Report with recommendations		TWS developed
C1.	Introduction of organic standards	On-site audit, Training in Codex Alimentarius and basic Organic production, Company recomm./ consulting	In process	Organic standards gaps report per company		TWS developed
C2.	Food safety pre-audit of facilities and production processes	FS pre-audit of up to 15 companies on HACCP prerequisite compliance	In process	HACCP pre-requisites gaps report per company		TWS developed

C3.	Publishing guides/impl. manuals on organic production & standards	Organize copy-rights, translate, publish and print	In process	Guides published and disseminated		TWS developed
C4.	Food Processing and Herbal sector end-market analysis	Analyze dom. & foreign markets, potential products, for strategic planning purposes		Report with recomm. for Food Processing and Herbal		SOW completed
C5.	Deep Freezing – introduce new FP technology/ techniques	Assess interest and select up to 6 companies		Assess interest and select up to 6 companies/coops		
C6.	Cold storage collection centers – expand use of cold storage technology and techniques	Assess interest and select up to 6 companies		Assess interest and select up to 6 companies/coops		
D1.	Developing regional tourism in Syunik Region	Assessment, develop products, prepare materials	In process	Materials published and posted on website		STTA assignment completed. Report expected in July.
D2.	Tourist Guides training	Train up to 10 guides from the regions		Up to 10 guides from the regions trained		Start postponed for October/November 2012
D4.	Regional B2B event for Turkish Tour Operators	Bring together Turkish, Georgian and Armenian Tour Operators, visit regions	Cancelled	Familiarization trip conducted		MoE requested cancellation, in consultation with USAID
D5.	Improved tourism infrastructure	Review possibility to provide on-site and virtual tourist information	In process	Implementation plan developed		AMAP has submitted a grant application for co-funding of the Black Sea Silk Road activity for the Armenia section
D7.	International visitor survey	Develop survey and TOT for surveyors NSS conducts survey (12 months) Data analysis and reporting	In process	Survey questionnaire TOT conducted Comprehensive report		STTA expected to start in July. GIZ has engaged their expert. Pending agreement with MOE and NSS on the actual survey work.

D8.	Develop a training course curriculum on hospitality services	Work with AUA, the Institute of Tourism and hosp. service providers to develop a new curriculum Conduct TOT	In process	Training course curriculum on hospitality services TOT conducted		See 2.1.2.2
D9.	Analysis of the tourism sector institutional structure proposed under the draft Tourism Law	Legal review with recommendations	Completed	Discussion paper with action recommendations delivered to stakeholders and GOA	March 19, 2012	Discussions ongoing
E1.	Air transportation study	Conduct a full study of the Armenia air transport	Completed	Report on Air transportation study	January 5, 2012	Report submitted to USAID and GOA/MoE. The presentation to PM planned for second half of January was never rescheduled.
E2.	Identify possible solutions to regulatory hurdles on internship programs and private financing of staff training and retraining.	Organize a round table with the UNDP, Union of Employers and the Chamber of Commerce and Industry.	Completed	Recommendations on removing indentified regulatory hurdles on internship programs and private financing of staff training and retraining	April 19, 2012	Scheduled for April 19, 2012.
E3.	Jewelry, Diamond-Cutting and Watch-Making Sector Development Strategies with action plans	Work with eV Consulting on preparing, printing and presenting the Strategy	In process	Sectors analysis reports; Sectors development strategies and work plan; Monitoring and Evaluation Plan; PowerPoint presentations delivered to GOA and to key stakeholders		Activities have started, to be completed in October, 2012.
E4.	National Competitiveness Report of Armenia 2012	Special topic, Management Skills Assessment of Armenia companies. Printing, editing, translation	Completed	Report printed and disseminated  Presentation event	April 18, 2012	Management expert reviewed chapters 4-5  Launch event scheduled

		Organize a presentation event				for April 18, 2012.
<b>Component 2. Work Force Development</b>						
2.1.1.1	Analysis of WF related situation in Armenia	Conduct meeting with Educational institutions, GoA entities and businesses	Completed	Assessment and Recommendations for Work Plan (TVET providers assessment report)		Activity completed
2.1.1.2	Build ties between universities, VET, high schools, career centers and potential employers	Building Bridges to Match demand and supply for/of Competitive Workforce (Survey of academia, schools and businesses)	Completed	Report on building bridges to match demand for and supply of a competitive workforce	3 February, 2012	Activity completed
2.1.1.3		Conduct meetings with selected career centers, companies and associations identified as partners; facilitate placement of students	In process			Assistance was provided to EREA to organize a Career Day. Based discussions with the university career centers, the WFD component is planning to solicit grant proposals from private employment centers, university and college career centers, and other interested organizations for the development and implementation of an innovative internship
2.1.1.4		Work with VET institutions to increase emphasis on employment of students	In process			
2.1.1.5		Channel information on job openings to VET institutions	In process			

						programs.
2.1.2.1	Develop training courses with VET institutions in VCs	Identify initial industry/value chain need, and VET partner institution	In process	Report on best practices in developing workforce skills in target VCs	Report on best practices in developing workforce skills in target VCs	STTA Alvin Rosenbaum developed the core curriculum and conducted two days of training of trainers on a Hospitality Management Course for ten selected AUA extension department trainers.  Supported the AUA to launch the first of the three IT skills trainings as part of the joint EDMC and AUA program; drafted a TOR for supporting the Instigate Training Center Foundation to conduct trainings in its newly created center at Goris State University and finalized the SOW for the expert who will develop a quality Android and iPhone iOS curriculum for GITC and will conduct training for trainers for GITC's trainers.
2.1.2.2		Develop and deliver initial training program	In process	Revised curricula developed for select VET institutions in topics relevant for selected value chains	Training course modules/ curriculums for Armenia's TVET system linked to the needs of enterprises in any of the target VCs Trainings of trainers based on new curriculums	
2.1.2.3		Identify, design and deliver additional training programs	In process			
2.1.3.1	Disseminate developed curricula to all relevant	Initiate discussions on the need for improved curricula	In process	List of beneficiaries who used curriculum to conduct		Quick Start Methodology Manual for trainers will be

2.1.3.2	VET institutions countrywide	Distribute curriculum of initial training		short term trainings and/or integrated in their programs		distributed during the next quarter.
2.1.3.3		Distribute curricula of subsequent trainings				
2.1.3.4		Follow up, collect feedback				
2.1.4.1	Revise VET curricula	Identify curricula in need of revision for selected value chains that are not already addressed by other donors	In process	Revised curricula developed for select VET institutions in topics relevant for selected value chains.		See points 2121 and 2122
2.1.4.2		Draft new curricula				
2.1.4.3		Develop and disseminate curricula to relevant VET institutions				
2.1.4.4		Provide training to teachers in new curricula				
2.1.5.1	Eliminate legal/regulatory barriers to VET licensing, curriculum settings and internships	Review existing law and regulations. Recommend revisions		Analysis and recommendations on regulatory issues removing barriers for competitive workforce development		The LRT and WFT conducted a round table with UNDP and Republican Union of Employers of Armenia (RUEA) on Private Sector Perspective on Youth Unemployment.
2.1.5.2		Hold stakeholder meetings to build consensus				
2.1.5.3		Work with GOAM to revise laws/regulations				
2.1.6.1	Pilot one Quick Start program	Identify a partner set of companies and/or industry association, and potential employees	In process	Curriculum for Quick Start		A Request for Proposal (RFP) template for implementing Quick Start training for VET's, universities and colleges will be developed during the third quarter. The VET institutions will work with local industry to identify
2.1.6.2		Analyze employee tasks to be performed, and skills needed to implement them				
2.1.6.3		Develop curriculum for teaching skills				

2.1.6.4		Provide training of trainers		Training of trainers		their skills needs and organize trainings for local companies using the Quick Start training process.
2.1.6.5		Provide training to selected employees		Training for selected employees		
2.1.7.1	Teach Quick Start methodology to selected industry associations and VET institutions	Select partner industry associations and VET institutions	Completed	Quick Start training methodology and manual		Quick Start methodology trainings were implemented by STTA consultant Kurt Becker; they took place in three regions of Armenia (Jermuk, Yerevan and Dilijan) for the three groups including 80 participants from 40 VET institutions, colleges, universities BDSs, NGOs and businesses from the EDMC target sectors.
2.1.7.2		Provide training in Quick Start methodology		Quick start training for the targeted VCs		
2.1.7.3		Involve in Project Quick Start programs				
2.1.8.1	Conduct ad hoc surveys of labor market needs	Develop surveys to assess labor needs in selected value chains	In process	Labor Market Survey methodology		The activity will be addressed during the next quarter. The Task worksheet for the activity is under development.
2.1.8.2		Conduct survey of firms in the selected sectors		Labor Market Surveys		
2.1.8.3		Produce reports on results, and disseminate		Labor Market Survey Report		
2.1.8.4		Develop a labor market assessment model and disseminate		Basic labor market assessment models		
2.1.9.1	Improve job-matching websites and private employment service providers	Contact job-matching web sites. Work with managers to improve services so they better serve lower income jobseekers and jobseekers outside Yerevan	In process	Recommendations to improve job matching websites Technical assistance package to private employment service providers		STTA Philip Hurst has begun his assignment to train private employment services and university career centers for more effective interaction with

2.1.9. 2		Identify private employment service providers. Assist to improve programs. Involve in various Project activities				employers and job seekers; provide recommendations on improving web-based job matching services and provide best practices review and standards for employers and job seekers services.
2.1.10	Building a consensus to enhance WF Development through interested parties task force		In process	Joint (business, academia, donors and GOA) task force on policy improvements		The WFD team participated in a two day workshop organized by UNIDO and UNDP on "Coordinated Support to Achieve Millennium Development Goals (MDG)" MDG Acceleration Framework Application in Armenia. The team contributed to the development of the Framework with main focus on promotion of youth employment in the country. Also see point 2151
<b>Center for Entrepreneurship and Executive Development (CEED)</b>						
2.2.1	Customize Top Class for the Armenian market, promote and launch the program	Develop Top Class curriculum and timeline of sessions	Completed	Top Class curriculum and timeline		
2.2.2		Recruit Top Class mentors	Completed	Top Class mentors recruited		
2.2.3		Recruit Top Class participants	Completed	Top Class participants recruited		



2.2.4		Recruit speakers for Top Class sessions	Completed	Speakers for Top Class sessions recruited		
2.2.5		Promote CEED B2B cross-border event to be held in Turkey in January 2012 and facilitate participation of Armenian companies	Completed	Participation of Armenian companies in the event		
2.2.6		Conduct 1 <sup>st</sup> Top Class training program	Completed	Top class session		
2.2.7		Organize Network Learning Events	Completed	Network Learning Events held		
2.2.8		Promote CEED B2B cross-border event to be held in Poland in May 2012 and facilitate participation of Armenian companies	Completed	CEED Armenia website		
2.2.9		Develop a CEED Armenia website and leverage it in informing potential Top Class participants and other stakeholders about CEED Armenia activities	In process	CEED Armenia brochure and other promotional materials		Top Class promotional materials in English and Armenian have been developed and disseminated via a variety of online and offline channels
2.2.10		Develop a CEED Armenia brochure and other promotional materials	In process	CEED Armenia brochure and other promotional materials		The brochure is drafted and is in the process of finalization.
2.2.11		Develop criteria for matching mentors and mentees and complete the matching process	Completed	Criteria for matching mentors and mentees developed, mentors and mentees informed of the matching results		The mentees and mentors are already matched. Now they are in the process of arranging mentorship meetings.
2.2.12		Facilitate / help organize meetings between mentors and mentees	In process	Meetings between mentors and mentees held		Some meetings are already organized. The others are in the process

						of planning.
2.2.13		Follow up with mentors and mentees to obtain feedback on respective meetings	In process	Feedback from mentors and mentees		
2.2.17		Organize Top Class graduation event	Completed	Top Class graduation event held		
<b>Component 3. Regulatory Reforms</b>						
3.1.1	Analyzing general legal problem areas affecting the business enabling environment	Research legislation and identify legal problem areas associated with the protection of foreign investors' rights, registration of property, financial leasing, accounting, financial reporting, tax, customs, IPR, competition, licensing, public procurement, food safety and technical standards.	Initial stage completed	Report: review of legislation affecting the business enabling environment in Armenia (initial report)	November 18, 2011	Comprehensive review of general legal problems pertaining to business environment is completed. More detailed analytical report on VC specific legal problems will be developed
3.1.2	Eliminating legal barriers to private sector focused VET, employer sponsored internships and continuing education	Analyze legislation and administrative procedures for VET, employer-sponsored internships and continuing education	Report Completed Roundtable in process	Report on reform actions and legal amendments on promoting private sector focused VET, employer-sponsored internships and continuing education Roundtable on needs , gaps and legal constraints	March 28, 2012	Report on legal constraints – incorporated in paper developed by WFT Roundtable discussion, co-sponsored by UNDP and RUEA scheduled for April 19, 2012. Task evolved based on collaboration with UNDP. Next step will be to develop report on reform recommendations (jointly with UNDP) to be presented to newly elected MPs and newly appointed

						Government officials at conference after the elections (tentatively scheduled June 2012)
3.1.3	Improving custom valuation practices	Analyze methodological practices for customs valuation for the selected VC	Report Completed Guidelines completed Roundtable in process	Report on reform actions and legal amendments on improving customs valuation practices Roundtable on needs , gaps and legal constraints Draft clear and tight guidelines limiting the application of "reference pricing"	March 15, 2012	Roundtable postponed as internal review of the discussion paper is still in progress
3.1.4	Streamlining VC specific licensing procedures	Analyze licensing legislation and administrative procedures in the selected VC, assess compliance guidelines and identify bottlenecks and overlapping requirements	In progress	Report on reform actions and legal amendments on licensing requirements in the selected VC  Roundtable on needs, gaps and legal constraints	Tentatively August	Current focus is identification of VC licensing requirements and inspection activities. Based on analysis propose outdated or obsolete licensing requirements and inspections for elimination under the Regulatory Guillotine Program.
3.1.5	Improving competition enforcement practices in selected VC	Work with the SCPEC on promoting market competition in selected VC	In progress	Report on reform actions and legal amendments on counteracting cases of abuse of dominant market position and anticompetitive (collusive) agreements and practices in the selected VC  Roundtable on needs , gaps and legal constraints	Tentatively July	General legal issues in competition area are identified. Analysis of the legislative acts pertaining to capacity of the SCPEC to enforce competition legislation completed. Task evolved based on collaboration with SCPEC – instead of roundtable

						discussions we will hold SCPEC hearings on identified cases of anticompetitive behavior, practices, and agreements. Next step is to identify anticompetitive behavior and practices in each of the selected VCs and prepare cases for action by the SCPEC. Close collaboration with SCPEC and EU Twinning Program.
3.1.6	Provide targeted assistance to the GOA in the pre-negotiation stage of DCFTA on promoting harmonization of domestic legislation with EU requirements in the selected value chains	Conduct comparative analysis of domestic legislation and EU requirements in selected value chains	In progress	Recommendations on promoting harmonization of domestic legislation with EU requirements in the selected VCs	Tentatively July	Task is evolving based on collaboration with EUAG and EU Twinning Programs. Work on this task is ongoing.
3.1.7	Improving custom valuation practices	Analyze methodological practices for customs valuation		Clear and tight implementation guidelines limiting the application of “reference pricing”	Tentatively August	
3.1.8	Provide targeted assistance to the GOA under the Regulatory Guillotine Program	Supporting the Regulatory Guillotine to eliminate regulatory obstacles in the selected value chains - ongoing		Proposals for eliminating obsolete regulations and administrative requirements in the selected VCs	Tentatively August	Collaboration with the Regulatory Guillotine Council is ongoing, even though the Council is not operating yet at full capacity. Tangible results cannot be expected before the Council is fully

						operational.
3.1.9	Providing VC specific assistance on harmonizing SPS and TBT with EU requirements	Conduct comparative analysis of VC specific legislation and EU requirements in the SPS and TBT area	In progress	Report on reform actions and legal amendments analyzing VC specific SPS and TBT legislation in light of harmonization with EU requirements	Tentatively July	Partnership is established with the relevant government agencies and business associations to advance the reform agenda. Because of the very technical nature of the SPS/TBT area corresponding reform recommendations must be based on the input of expert reports and developed in consultation with EUAG. The process of identifying knowledgeable domestic and international experts is still in progress.
3.1.10	Provide targeted assistance to the GOA in the pre-negotiation stage of DCFTA on promoting harmonization of domestic legislation with EU requirements in the selected value chains	Conduct comparative analysis of domestic legislation and EU requirements in selected value chains	In process	Recommendations on promoting harmonization of domestic legislation with EU requirements in the selected VCs	Ongoing	
3.1.11	Increasing access to finance for businesses and facilitate high productivity investment activities.	Review VAT tax deferral/exemptions or accelerated depreciation regime		Recommendations on expanding VAT tax deferral/exemptions or accelerated depreciation regime to facilitate financial leasing of equipment in selected value chains	Deleted due to upcoming finance and tax projects	

3.1.12	Analytical review of regulatory and administrative requirements governing business activity in the selected value chains from establishment to the point of export	Perform a mapping of regulatory procedures and administrative steps covering the process from business establishment and operation up to export in the selected value chains (using the IFC mapping methodology - collaboration with IFC)		Mapping report on regulatory and administrative procedures covering the process from business establishment to export in the selected VCs	Tentatively August	
3.1.13	Provide targeted assistance to the GOA under the Regulatory Guillotine Program	Supporting the Regulatory Guillotine to eliminate regulatory obstacles in the selected VC – ongoing	In process	Proposals for eliminating obsolete regulations and administrative requirements in the selected VCs	Ongoing	Partnership with private businesses, business associations, government agencies and other stakeholders is formed. Work in this area is ongoing with initial proposals for eliminating obsolete procedures on licensing and inspections following the completion of task 3.1.4.
3.1.14	Working with key stakeholders in the selected VC to promote a dynamic dialogue in implementing BEE reforms	Conduct targeted consultations, surveys, interviews, and roundtables, conferences with key stakeholders in the selected VC on shortcomings in the legislation  Participate in tripartite groups	In progress	Comprehensive stakeholder contact network  Series of focused roundtables, working retreats and conferences	Ongoing	Work is ongoing for the duration of the project. Comprehensive stakeholder network completed, but amended based on new opportunities for collaboration and assistance
3.1.15	Promoting public awareness of the legal reform agenda through public outreach activities	Prepare public awareness materials, identify effective institutional channels of communication, and participate in targeted	In progress	Targeted reform needs awareness-raising materials  Disseminated materials at least 2 major conferences	Ongoing	Discussion papers already developed and distributed for review and comment.

		outreach activities designed to promote awareness of and support for critical legal reforms		held with key stakeholders on proposed legal reforms		
3.2.1	Conduct analytical research on legal frameworks, institutional set-up and enforcement practices applicable to technical standards in the selected value chains	Undertake detailed review of domestic legislation governing technical standards, indentifying legal and regulatory ambiguities and shortcomings, analyzing statutory versus actual responsibilities of relevant public and quasi-public institutions, and reviewing relevant enforcement practices		Position paper with detailed and prioritized recommendations on reform actions to enhance the autonomy, authority and accountability of relevant regulatory institutions	Tentatively September	Developing a comprehensive review of legislation incorporating all legal findings and recommendations made during the first year of the project. Follow-up to the review of legislation report of December 2011.
<b>Component 4. Access to Finance</b>						
4.1.1	Enable innovative practices in financial services delivery to the VCs or sectors	Perform financial sector mapping and initial screening of potential partner financial institutions (PFIs)	Completed	Financial Sector Mapping report	October 7, 2011	Mapping report created overview of current environment for SME financing in Armenia
4.1.2		Develop final criteria for selecting PFIs and define the approach for VC SME financing	Completed	A2F Framework report	January 12, 2012	Framework Report outlined the criteria/methodology for selecting the first partner banks and the EDMC working approach for those banks
4.1.3		Select pilot partner financial institutions (PFIs). Connect sector enterprises to the PFIs for immediate financing.	Completed	MOUs signed with all PFIs	February 22, 2012	Began connecting enterprises to the PFIs in March.
4.1.4		Design TA work plans with all PFIs based on the financial needs of the sector	In progress	Diagnostic report / work plan for each PFI with STTA needs	June 2012	Task Worksheets for the STTA to implement the initiatives are being

		enterprises		Report: "Access to Finance : Strategy for Implementation"		developed for the following: "Loan Officer and Credit Analysts Training Program" "Demand Side Client Training and Bank Marketing" "Reporting Systems" "High Tech Company Financial Analysis" "Banks CEO Forum" "SME Structure" "Product Development" "SME Credit Rating Model via ACRA" "SME Credit Scoring Model"
4.1.5		Prepare, with the PFIs, demand-side analysis for each VC (VCF mapping) that identifies bottlenecks in financial product and volume access for each VC or sector	Completed	VCF maps for each target VC or sector  Report: "EDMC Sector Financial Mapping"	May 2012	
4.1.7		Determine level of financing between PFIs and the VCs or sectors; Monitor effectiveness of PFIs in servicing the VCs or sectors	Completed (reports are submitted on monthly basis)	Baseline survey showing current level of servicing between the PFIs and the target VCs (Part of VCF map data), Monthly portfolio reports	Starting from March 2012	Monthly portfolio reports are submitted by the PFIs starting from March 2012
4.1.8		Assist PFIs to perform a diagnostic and strategic plan review/SWOT analysis of their	Completed	Diagnostic and evaluation report for each partner institution and		Report: "Access to Finance : Strategy for Implementation" shared



		SME market position		recommendations for more flexibility/ efficiency related to innovative packages for target VCs		and discussed with the PFIs. Task Worksheets for the STTA to implement the initiatives are being developed for the following: "Banks CEO Forum" "SME Structure"
4.2.1		Conduct survey of available credit guarantee and credit enhancement programs and their utilization	Completed	Survey report of available credit guarantee and credit enhancement programs and their utilization	March 6, 2012	
4.2.2		Develop action plan for increasing access to credit guarantees and credit enhancement programs for SMEs in the target VCs	In progress	Action plan for increasing the use of guarantee funds to mitigate financing risks in the VCs or sectors	March 6, 2012	A series of diagnostic meetings conducted between the DCA representatives and PFIs. The agreements to be signed with the Unibank and ABB ( tentatively August/ September)
4.2.4		Employ incentive grants to SMEs to lower the amount to be financed from FIs, and challenge grants per target VC made to trigger equity investment in a new or existing enterprise	In progress	Grants disbursed to SMEs in VCs to enable them to obtain financing for capital investments with less risk		
4.3.1		Enable the SMEs or "anchor firms" in the VCs to obtain financing through the PFIs	In progress	75 financing transactions (credit, factoring, LT debt, etc.), with a value of \$4,200,000		As of June 2012, PFIs enabled 44 transactions totaling US\$3,919,457 to enterprises in the EDMC focus sectors Organized series of

						meetings/presentations with the Associations and Unions in the EDMC focus sectors  June/ July 2012
4.3.2		Introduce/enhance financial products for each PFI	In progress	At least two products introduced/ enhanced per PFI		Starting in August/ September  Task Worksheets for the STTA to implement the initiatives are being developed for the following: "Product Development"
4.3.3		Ensure enterprises in the target VCs are covered by credit information systems to allow for automated credit scoring and use of credit rating	In progress	20% of the SMEs in the VCs are covered by Year 2 (ACRA report compared to baseline level)		Starting in August/ September Task Worksheets for the STTA to implement the initiatives are being developed for the following: "SME Credit Rating Model via ACRA" "SME Credit Scoring Model"
<b>Small Enterprise Assistance Funds (SEAF)</b>						
S1.	Start up	Establish a satellite representative office of SEAF Caucasus Growth Fund in Armenia	In process	Satellite representative office in Armenia		Still in process of finalizing documents to be submitted to CBA
S2.	Equity financing	Develop criteria for selecting lynchpin SMEs as candidates	Completed	Completed list of criteria based on the SEAF global		

		equity financing targeting within the VCs, but considering outside the VCs also		strategy and philosophy tailored to Armenian reality		
S3.		In conjunction with CEED and VC team, identify SME candidates for equity financing according to developed criteria	Completed / In process	Short list of relevant SMEs meeting the developed criteria		This is an ongoing process that will continuously go through the Project's life. We are continuously developing and modifying our pipeline.
S4.		Conduct a quick analysis of identified SMEs with respect to their financial, legal and managerial capabilities for meeting SEAF and EDMC financing criteria	Completed / In process	SMEs ready for the equity / quasi equity financing		This is an ongoing process that will continuously go through the Project's life. 12 companies have been analyzed so far and one is currently in process.
S5.		Provide a thorough financial and legal due diligence for the identified SMEs and preparing them for the deal	Completed / In process	Financial models and investment memos for each selected companies		This is an ongoing process that will continuously go through the Project's life. Two financial models / investment memos have been developed so far. One is in process.
S8.	Select local partners	Develop criteria for selecting partner intermediary organization from local market to build local institutional capacity	Completed	Completed list of criteria based on the SEAF global strategy and philosophy tailored to Armenian reality		
S9.		Identify local intermediary organizations according to developed criteria	Completed	Short list of relevant partner organizations meeting the developed criteria		
S10.		Select two intermediate organizations for further partnership	In process	Letter of Intent / Framework partnership agreements		One company is selected out of six companies. Others do not comply or

						do not want to formalize partnership relationship with us. Further we will be able to sign LoIs as soon as we are registered.
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