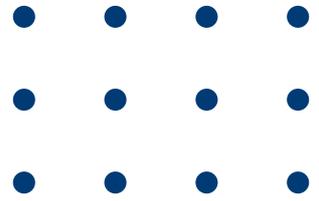




EU4Business



# [SME POLICY TRENDS OCTOBER 2022 BULLETIN]



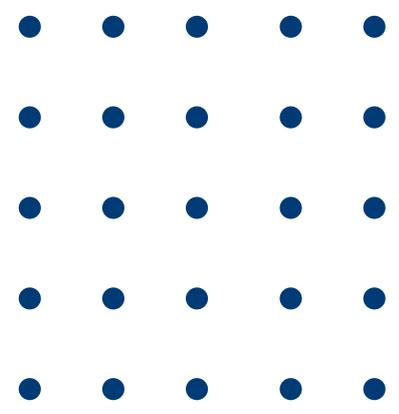
ARMENIA



[WWW.EU4BUSINESS.AM](http://WWW.EU4BUSINESS.AM)

# TRENDS IN SME DEVELOPMENT

## IN ARMENIA Q1 2022



Total SMEs in Armenia

**44,588**\*

Of which

**411**

export

compared with

**41,624**

in 2021

Government Resources supporting SMEs in 2022

**€56.2**

million

**0.39%**

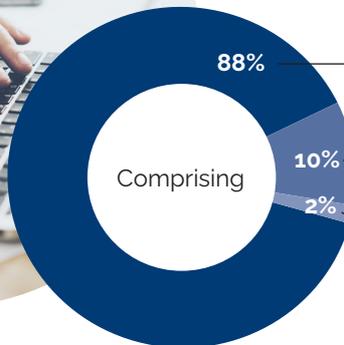
of GDP

Annual Change in SMEs':

Incomes **-7%**

Employment **-6.1%**

Exports **-10.9%**



**Micro**

39,416

**Small**

4,396

**Medium**

776

Comprising

SMEs supported by EU

amounted to

**6,047**

**16.89%**

of total in Armenia

in 2021

Estimated Annualised EU support SMEs in Armenia

**€16**

million

(annualised budgets available in 2022)

Performance of EU supported SMEs in 2021, Annual Change:

Incomes **+30.46%**

Employment **+10.13%**

Exports **+31.63%**

\* This is the number of MSMEs, it excludes individual entrepreneurs and farmers.

# GOVERNMENT OF ARMENIA CURRENT SME POLICY

## LATEST POLICY DEVELOPMENTS ON ARMENIAN SME POLICY

### THE MAIN POLICIES FOR DIRECT SUPPORT OF SMES ARE THE FOLLOWING:

The Government aims increasing the share of SMEs in GDP to 55% by 2026 within 5 years.  
The second objective is balancing regional disparities in SME development.

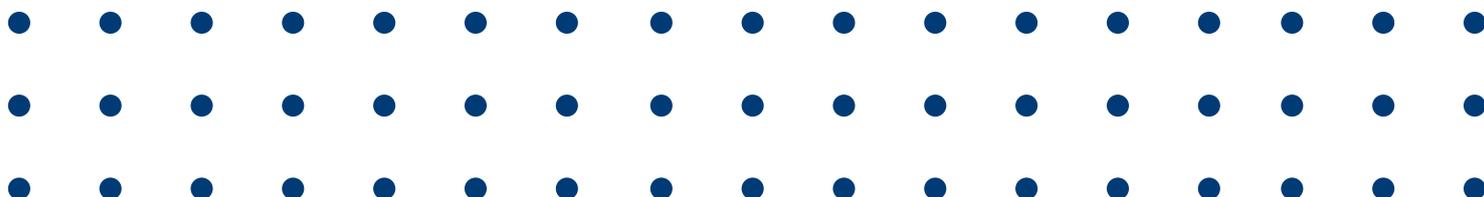
#### Increase in the share of SMEs in GDP, will be implemented with the following target goals:

- Support to SMEs
- Increasing SMEs access to markets
- Human capital development for SMEs
- Creating an effective environment for SME development

#### Planned measures are the following:

- Encouraging SMEs, by increasing the availability of financial resources and capacity building
- Increasing access and prominence of local producers in external markets through the promotion of a unified "Made in Armenia" brand of a local product
- Developing the concept of "Make in Armenia" to promote the engagement of foreign companies
- Training and requalification to ensure inclusive workforce formation and social system improvement
- Creating opportunities to increase the participation of women in various sectors and make it possible for women to combine work and motherhood
- Introduction of entrepreneurial skill courses in different stages of the educational system
- Creation of a commercialized technology and invention structure
- Establishment of a social innovation support centre to develop social entrepreneurship and environment
- Creating favourable conditions to promote non-agricultural entrepreneurship and enhancement of highly demanded skills in villages
- Granting functional powers and taking other measures to foster the establishment, development and functioning of sector-specific associations in the sphere of SME development

**Link** [The Program of the Government of the Republic of Armenia 2021-2026 \(Government of the Republic of Armenia, Adopted on August 18, 2021, N 1363 U. Decision\)](#)



# SME DEVELOPMENT STRATEGY

OF ARMENIA 2020-2024  
PUBLISHED 27.08.20



## OBJECTIVES

- Contribute to the development of entrepreneurship, increase the productivity of SMEs, support access to domestic and international target markets, introduction of production technologies and innovative approaches.
- Main directions are the following:
  - Increasing the accessibility of financial resources
  - Capacity building of SMEs and development of business culture
  - Ensuring the accessibility of markets for SMEs
  - Providing a favourable institutional and legal environment for SME development

## TARGETS

- Productivity growth for 2021-2023 averages 3% annually and 7.5% for 2024.
- SME employment growth on average 2.5% annually.
- Global entrepreneurship index 40/86.6 points

## BUDGET COMMITMENTS:

### Increasing the accessibility of financial resources

- Expanding the effectiveness of the SME State Support Toolkit
- Development of the legislative-institutional framework related to the use of alternative collateral
- Increasing financial literacy and developing a transparent business culture
- Creating favourable conditions for financial market diversification: investment / venture funds, business angels, alternative financing instruments
- Reforming the bankruptcy system

### Market access for SMEs

- Ongoing support for SMEs entering new markets
- Increasing the visibility of SMEs in foreign markets to promote trade and investment
- Technical assistance in the process of meeting the requirements of the target markets
- Establishment of logistics / storage economies
- Creating an environment conducive to the development of e-commerce
- Promote the participation of SMEs in public procurement
- Promote the integration of SMEs in the value chain of large enterprises

### Capacity building of SMEs and entrepreneurship culture

- Introduction and application of innovation and development toolkit through state support structures
- Expanding cooperation with public organizations in the SME sector and business development service providers to fill the capacity gaps in SMEs
- Establishment of an environment aimed at raising the qualification of entrepreneurs and SME employees
- Development and implementation of a program to encourage the demand for science, information technologies and technological solutions by SMEs
- Development of business culture
- Increasing the visibility of social entrepreneurship

### Creating a favourable institutional and legal environment for SME development

- Establishment and application of private-state dialogue mechanisms
- Capacity building of state support structures, increasing the efficiency and transparency of their activities by introducing corporate governance, accountability mechanisms
- Improving statistics
- Coordinate the SME projects implemented by donors
- Development and implementation of SME impact assessment mechanisms
- Assessment and simplification of tax / customs / other administrative burden for SMEs



# MAJOR INSTRUMENTS

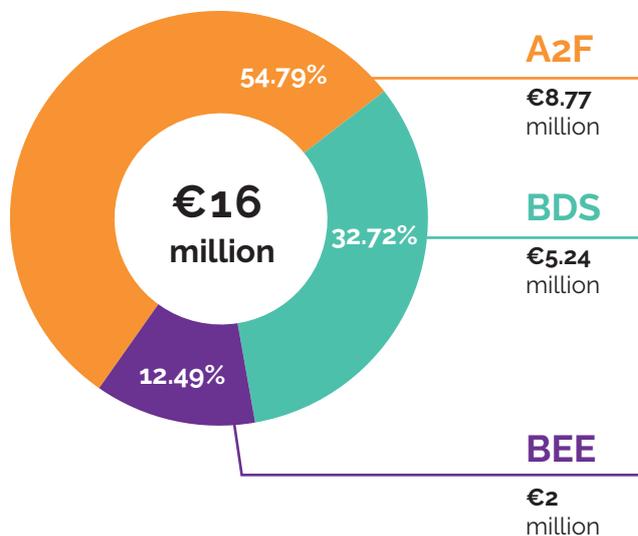
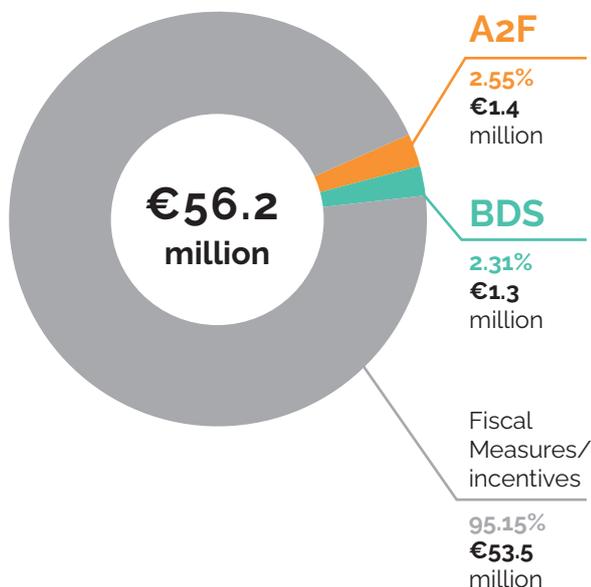
## AVAILABLE FOR SMES IN ARMENIA

These are instruments that were active in 2021, some of which have ended already

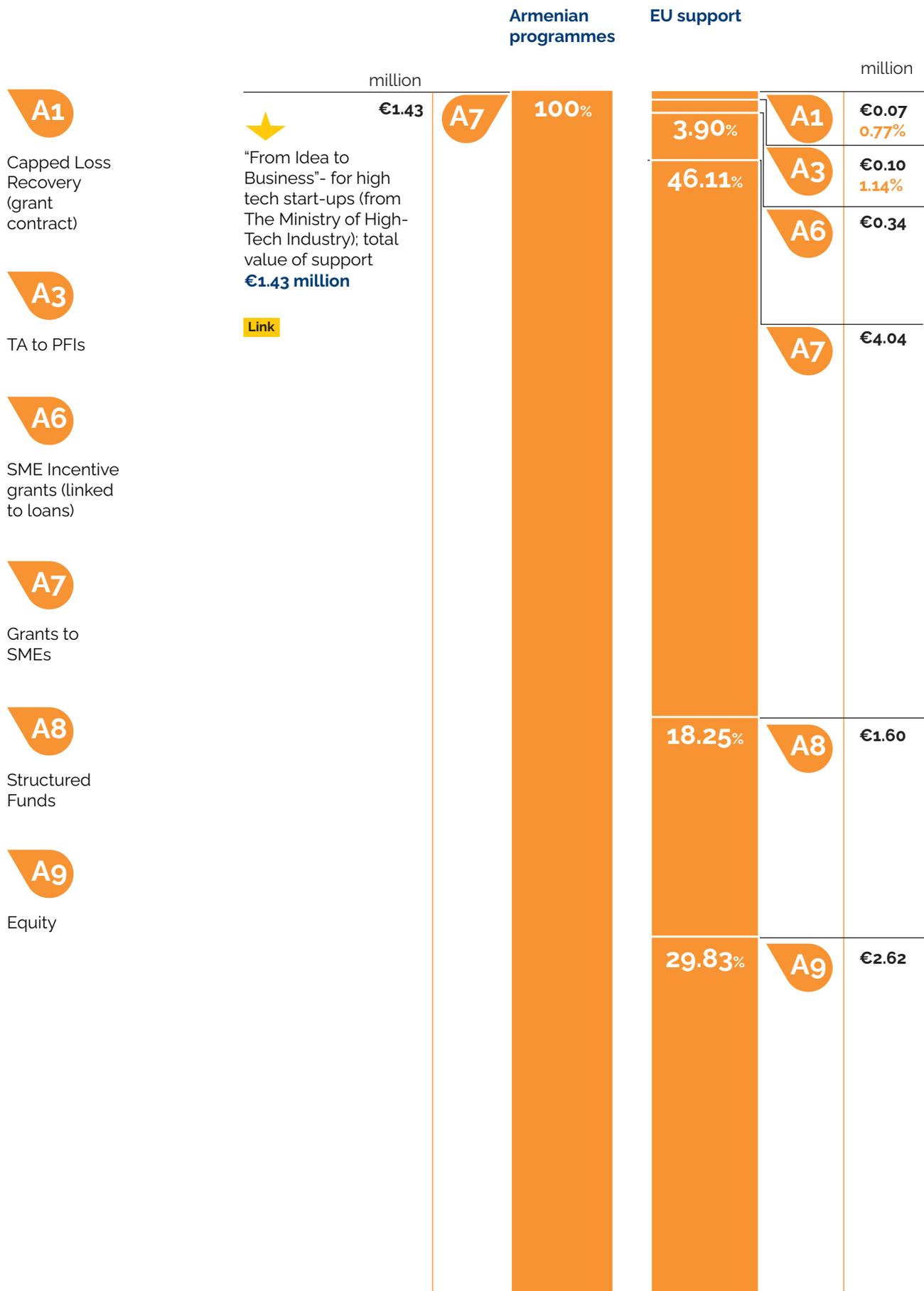
The following instruments to support SMEs are categorised by instrument in line with EU4Business Facility to allow comparison and coherence of EU support in Armenia

Government of Armenia

EU4Business



# ACCESS TO FINANCE (A2F) INSTRUMENTS





# FISCAL AND OTHER INSTRUMENTS



SME Development Council (from The Secretariat of the Council consists of representatives of the Ministry of Economy (MOE) and the Business Support Organization; total value of support **N/A**.

[Link](#)



Armenia's 2020-2023 business environment program,

1. Paying Taxes,
2. Trading across borders,
3. Starting a business,
4. Dealing with construction permits,
5. Enforcing contracts,
6. Getting credit,
7. Protecting investors,
8. Registration of a property,
9. Closing a business,
10. Employment relations Ongoing improvement no state revenue.

(from The Ministry of Economy, State Revenue Committee); total value of support

**N/A**.

[Link](#)



Sector Specific Studies, Analysis, Information on laws, etc. (from Investment Support Center, The Ministry of High-Tech Industry ); total value of support **N/A**.

[Link](#)



Subsidizing the interest rates on loans, leasing and insurance payments provided within the scope to the agricultural sector support programs. Capital expenditure reimbursement for the construction of green houses, smart barns. (from Ministry of Economy of the RA); total value of support **€39.20 million**.

[Link](#)



Actions to address the economic impact of COVID-19:

1. State support for the economy modernization measure.
2. Partial subsidy for the price of winter wheat seeds.
3. Action 24 Support to business entities engaged in the processing of agricultural raw materials, including grapes.

(from Interest Subsidy the Financial Institutions, while guarantees ISC); total value of support

**€14.32 million**.

[Link](#)



# NATIONAL INSTITUTIONS FOR SME DEVELOPMENT

IN ARMENIA

## INVESTMENT SUPPORT CENTER (ENTERPRISE ARMENIA)

**Established**  
2002

**Annual Budget**  
€613,497

**Staff**  
42

[Link](#)



### GOALS

- To promote and facilitate foreign and domestic investments
- To attract new FDI
- To support and provide financing to SMEs
- To provide aftercare services to foreign investors in Armenia
- To help local exporters access new markets

### MAIN ACTIVITIES

1. Investment promotion
2. Made in Armenia initiative
3. Investment Aftercare
4. Information on investment laws and regulation, business opportunities, investment projects
5. Bridging with different organizations
6. Promoting investments
7. Investor aftercare
8. Export promotion

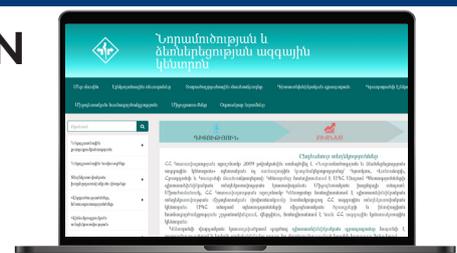
## NATIONAL CENTER OF INNOVATION AND ENTREPRENEURSHIP

**Established**  
2009

**Annual Budget**  
€337,742

**Staff**  
11

[Link](#)



### GOALS

- Implementation of innovative and entrepreneurship processes.
- Supporting the preparation and implementation of innovative ideas and projects

### MAIN ACTIVITIES

1. Formation of information resources
2. Interstate exchange of scientific and technical information
3. Provision of scientific and technical information and library services
4. Support to information and advisory services
5. Support to the protection and commercialization of intellectual property
6. Support to entrepreneurs

# BUSINESS ADVOCACY MECHANISMS

IN ARMENIA

The following mechanisms are in place to engage in dialogue between private sector and Government on business reform and advocacy in Armenia:

## Prime Minister's Office: SME Development Council

[Link](#)

### Chair

Deputy Prime Minister: **Mher Grigoryan**

Phone 1: +374 (10) 527-000

Phone 2: 1-17

E-mail: [hotline@gov.am](mailto:hotline@gov.am)

## OBJECTIVES

- Promote the development of the SME business environment through
- Constructive dialogue between the public and private sectors, by identifying obstacles for the implementation of the activities of SMEs and proposing solutions to eliminate them

## MEETING FREQUENCY:

- At least four sessions per year  
(last Council meeting held: February 19, 202;  
last Sub-council meeting held:  
April 29, 2022)

## SECRETARIAT:

The Head of Secretariat: Minister of Economy of the RA,

**Vahan Kerobyan**

Phone: (+374 11) 597 110

Email: [vkerobyan@mineconomy.am](mailto:vkerobyan@mineconomy.am)

