

**The Republic of Armenia  
Small and Medium Entrepreneurship  
Development Center of Armenia  
(SMEDNC)**

**PROJECT FOR DEVELOPMENT OF  
LOCAL PRODUCTION AND  
PROMOTION OF LOCAL BRANDS  
IN THE REPUBLIC OF ARMENIA  
PHASE 2**

**PROJECT COMPLETION REPORT**

**June 2019**

**Japan International Cooperation Agency (JICA)  
Kaihatsu Management Consulting, Inc.**

UZ
JR
19-001



**Related pictures**



Orchard and production facility of dried-fruits producer



Local products (Left: pine-cone syrup, Right: dried-fruit)



Materials on Advanced OVOP method



ToT on Advanced OVOP Methods



Start-up training in Dilijan



Start-up training in Areni



Training on Advanced OVOP method to local SMEs



Individual consultation to pilot SMEs



Improved production facility



Export promotion in FOODEX Japan 2018



Export promotion in Food and Hotel Asia 2018



Tourism promotion in Tourism EXPO Japan 2018



Event-type Marketing Platform

**Project map**

The Project has been implemented in all 10 regions, except for Capital Yerevan.



(Source of map ) <http://www.gov.am/en/regions/>

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### **Exchange rate**

1 Armenian Dram (AMD) = 0.00205 US Dollars (USD)

1 Armenian Dram (AMD) = 0.00182 Euro (EUR)

1 Armenian Dram (AMD) = 0.22 Japanese Yen (JPY) (as of 13<sup>th</sup> May 2019)

(Source) OANDA

## List of Abbreviations

Abbreviation	Completed title
ADA	Austrian Development Agency
AGFI	Adjusted Goodness of Fit Index
ATDF	Armenia Tourism Development Fund
B&B	Bed and Breakfast
BDS	Business Development Service
CEFE	Competency Based Economies Formation of Enterprise
DFA	Development Foundation of Armenia
EU	European Union
FHA	Food and Hotel Asia
FSIB	Food Safety Inspection Body
GDP	Gross Domestic Product
GFI	Goodness of Fit Index
GIZ	Deutsche Gesellschaft fur Internationale Zusammenarbeit
HACCP	Hazard Analysis and Critical Control Point
JCC	Joint Coordinating Committee
JICA	Japan International Cooperation Agency
MoU	Minutes of Understanding
OASI	Organic Agriculture Support Initiative
ODA	Official Development Assistance
OTOP	One Tambon One Product
OVOP	One Village One Product
PACA	Participatory Appraisal of Competitive Advantage
PDM	Project Design Matrix
PE	Private Entrepreneur
PRP	Partnership for Rural Prosperity
PUM	Programma Uizinging Managers
R/D	Record of Discussion
RSS	Road Side Station
SEM	Structural Equation Modeling
SME	Small and Medium Enterprise
SMEDNC	Small and Medium Entrepreneurship Development National Center
SSFS	State Service for Food Safety
STC	State Tourism Committee
ToT	Training of Trainers
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
VWFA	Vine and Wine Foundation for Armenia

# Summary of the Report

This report is divided into four (4) chapters. Chapter 1 describes the background information of the Project, the Small and Medium Entrepreneurship Development National Center (SMEDNC) and other related information. Chapter 2 explains the Project’s inputs, process, and structure. Chapter 3 describes the achievements that have been made so far. Chapter 4 reports on the lessons learned and recommendation from the Project activities.

A summary of this report is presented in the Armenian language in Annex 1.

## (1) Outline of the Project

The Project for “Development of Local Production and Promotion of Local Brands Phase 2 (the Project)” has been implemented for three (3) years from July 2016 to July 2019, followed on the Project for “Development of Local Production and Promotion of Local Brands (the Project Phase 1)” as a Japanese technical cooperation project with SMEDNC.

The Project intends for SMEDNC and Business Development Service (BDS) providers to apply the Advanced One Village One Product (OVOP) method to strengthen the competitiveness of local small and medium enterprise (SME) in both domestic and international markets, which, in turn, lead to local economic development. The components and structure of the Project is summarized in Figure 1.

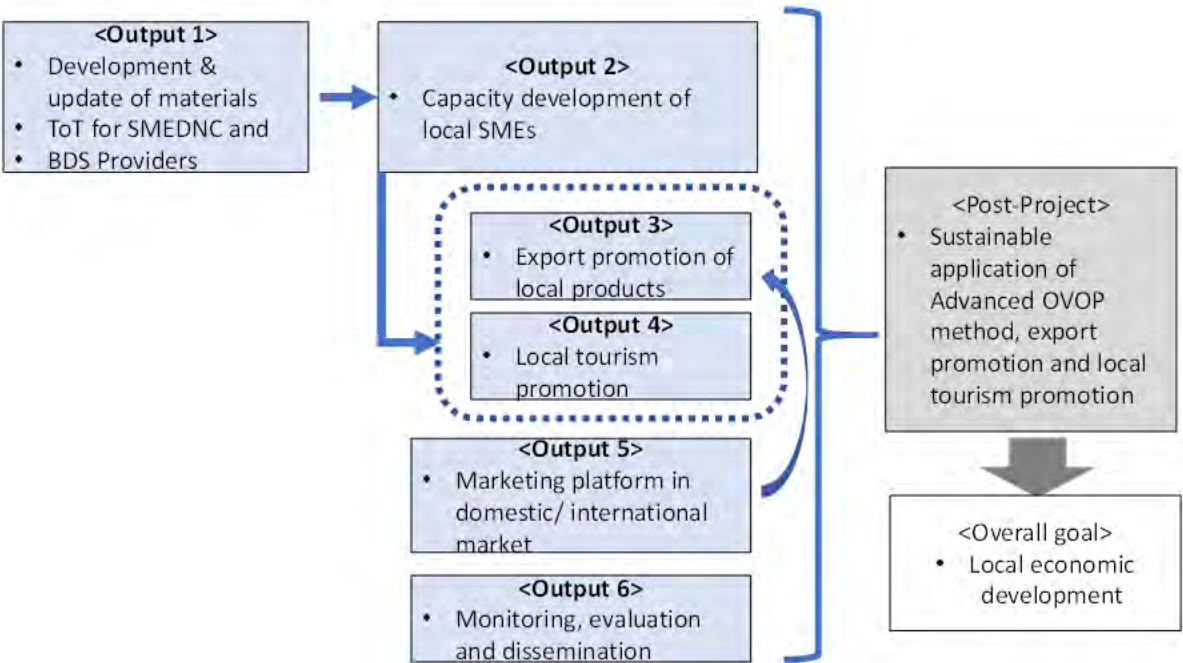


Figure 1. Image of the Project implementation process

## (2) The main outputs and achievements of the Project

The main results of the Project are as follows:

- The Project developed the Advanced OVOP method, utilized the achievements of the Project Phase 1, and developed several materials.
- The Project conducted the Training of Trainers (ToT) program for 21 SMEDNC staff and 24 Business Development Service (BDS) providers, such as management consultants, so that they can apply Advanced OVOP method for local SMEs.
- Trainers introduced Advanced OVOP method to entrepreneurs (160 participants in the training program coordinated by the Project and 640 participants of the training program coordinated by other donors). In addition, trainers introduced the method to existing local SMEs. On the consequence, 134<sup>1</sup> SMEs have been applying the method to strengthen their business operations.
- Selected SMEs participated in international trade fairs for export promotion. SMEDNC staff supported them in Armenian products promotion and their business matching ventures. After participation, exhibitors continued to develop/improve their products, continues to negotiate with overseas buyers and identify new external markets, and participated in other trade fairs. In addition, SMEDNC applied these experiences to other trade fairs. In total, 83<sup>2</sup> SMEs realized export promotion, utilizing the method.
- Utilizing the Advance OVOP method, local tourism promotion is being developed through (i) the promotion of start-ups and the improvement of local tourism businesses (28 tourism business that had participated in the training session in the 1<sup>st</sup> term was inaugurated<sup>3</sup>), and (ii) the promotion of new tourism tour products that facilitate the use of local businesses by foreign tourists. As a consequence, 20 newly developed tourism tour products were introduced to Japanese market. In addition, training to improve the service quality of Bed and Breakfast (B&B) were implemented.
- Marketing platforms, developed by the Project Phase 1, which are places/measures set up to promote local products that reflect the opinions of consumers, continue to be used. A new type of platforms has been developed; (i) “International event-type platform”: The Project coordinated participation in three (3) trade fairs, including tourism exposition. In addition, SMEDNC, collaborating with other donors, supported local SMES to participate in eight (8) trade fairs so that local SMEs can develop/improve local products reflecting the costumers’ opinion in target market. (ii) “Multiple-type platform”: SMEDNC, with the support of the European Union (EU), has started to construct the Road Side Station (RSS) in Lori region, and it is expected to provide opportunities for local SMEs to sell local products and introduce local tourism products. The Project provided technical support in the development of operation manual of the RSS.
- SMEDNC strengthened its monitoring mechanisms to monitor local SMEs and compiled a list of good

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<sup>1</sup> 52 locals SMEs which apply the Advanced OVOP method (confirmed by the end-line survey), 77 SMEs which participated in international trade fair by the support of the SMEDNC, applying the method and 5 tourism agencies which participated in Tourism EXPO Japan 2018.

<sup>2</sup> 6 SMEs participated in trade fairs under coordination of the Project. In addition, 77 SMEs participated in trade fairs under support of SMEDNC, as mentioned above.

<sup>3</sup> In addition, for five (5) entrepreneurs in the tourism sector, loans guaranteed by the SMEDNC will be disbursed.

practices of local SMEs. Some of them are presented in “OVOP Success Stories”.



**Figure 2. Some example of newly developed products utilizing the Advanced OVOP method**

Through implementation of the Project, new local products were developed and some of them have already been introduced or exported to international market (Figure 2). SMEDNC staff has learnt how to apply the Advanced OVOP method. It is expected that the SMEDNC sustainably apply it for local SME development.

### **(3) Recommendations and lessons learned**

Through the implementation of the Project, the following lessons have been learned.

- The Advanced OVOP method is effective in strengthening the competitiveness of local SMEs.
- On-site customized training, coaching and follow-up processes are effective.
- The improvement of quality control and marketing is essential to competing in international markets.
- Participation in international trade fairs is effective if it is accompanied by a capacity development program for exhibitors.
- Local tourism promotion, along with product development is effective, in producing a synergy effect.
- The development of a continuous marketing platform is useful for local SMEs.

The recommendations for reinforcing the sustainability of the Project’s effects are noted below, in terms of (i) knowledge diffusion and (ii) reinforcement of OVOP method implementation.

- Strengthen the capacity of SMEDNC staff and BDS providers.
- Strengthen the ownership of local SMEs.
- Provide continuous support to the promotion of exports with a selection of target markets.
- Accelerate the integration of local product development and in-bound tourism promotion.

The summary in Armenian is attached to Annex 1.

# 1. Background and outline of the Project

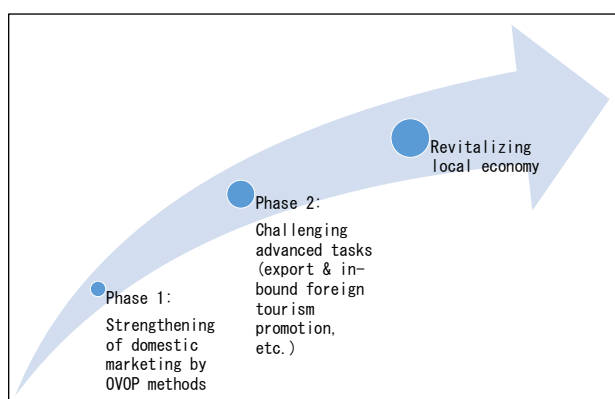
## 1.1. Background of the Project

Since gaining independence in 1991, Armenia has achieved steady economic growth, that is largely due to market economy reforms. However, regional disparities between urban and rural areas have increased. About 40% of the Gross Domestic Product (GDP) is concentrated in the capital city Yerevan. The poverty rate in rural areas has risen, most notably since the 2008 Global Financial Crisis. Under such circumstances, a series of technical cooperation schemes to contribute to regional development have been implemented. These schemes are based on the basic policy of Official Development Assistance (ODA) Program of the Government of Japan to Armenia namely "Achieving balanced and sustainable economic growth" and in the priority fields "Improvement of institutions and infrastructure for economic growth and regional development".

Thus, “**The Project for Development of Local Production and Promotion of Local Brands (the Project Phase 1)**” was implemented from March 2013 up to February 2016.

The Project phase 1 was mainly concerned with strengthening domestic marketing capabilities of local SMEs by utilizing the OVOP method, to be described later.

Due to the limited scale of the domestic market, with a population of 2.9 million<sup>4</sup>, it is indispensable for local economic development to strengthen the competitiveness of local SMEs in both domestic and international markets by challenging advanced tasks such as the export promotion of local products and in-bound tourism promotion in some regions. Therefore, **the Project on Development for Local Production and Promotion of Local Brands Phase 2** (the Project) was planned and implemented from July 2016 until July 2019, expanding the achievements of the Project Phase 1 (Figure 3).



**Figure 3. The relationship between the Project phase 1 and phase 2**

<sup>4</sup> As of 2017 (source: United Nations Population Fund)

## **1.2. Outline of the Project**

The Project implementation period is from July 2016 to July 2019 (for a period of three years). The Project was implemented by SMEDNC under the Ministry of Economic Development and Investment on the Armenian side, with technical cooperation of the Japan International Cooperation Agency (JICA).

The Project aims to strengthen the competitiveness of local SMEs in domestic and international markets through the capacity development of SMEDNC staff and private BDS providers. This is to be done by applying the Armenian Advanced OVOP method. The development and promotion of local products and local brands are expected to accelerate and lead to local economic revitalization.

The Project was implemented with two terms:

- **First term:** from July 2016 to June 2017.
- **Second term:** from July 2017 to July 2019.

## **1.3. Project Design Matrix**

The outline of the Project is described in the Project Design Matrix (PDM, version 0), as an annex of the Record of Discussion (R/D), which was signed on 5 February 2016 between SMEDNC and JICA.

The PDM was amended and confirmed by the Minutes of Meeting, which was signed on 25 September 2017 between the SMEDNC and JICA.

The outline of the amended PDM is as follows;

**Table 1. Outline of the PDM of the Project (version 1)**

Items	Description
Beneficiaries	Ultimate beneficiaries: SMEs in 10 regions Beneficiaries: SMEDNC
Period of Project	July 2016 to July 2019
Project site	10 regions of Armenia
Overall goal	Armenian OVOP movement promoted by SMEDNC contributes to local economic development of the country.
Project purpose	Armenian OVOP movement promoted by SMEDNC contributes to improving the competitiveness of the local SMEs and entrepreneurs in both national and international markets, including Japanese, European and/or neighbouring countries' markets.
Outputs	<ol style="list-style-type: none"> <li>1. The technical capacity of SMEDNC experts and BDS (business development service) providers is further developed in terms of wide application of “Advanced” Armenian OVOP method.</li> <li>2. The technical capacity of local SMEs and entrepreneurs is developed.</li> <li>3. The export of Armenian local products is promoted for international markets, including Japanese, European and/or neighbouring countries' markets.</li> <li>4. Tourism in OVOP pilot area is promoted for both domestic and foreign tourists, including the Japanese tourists.</li> <li>5. Marketing platform, including a roadside station, work for local business development.</li> <li>6. The project activities on Armenian OVOP movement are monitored, and the lessons learned from the activities are used for local SME development.</li> </ol>
Activities	<ol style="list-style-type: none"> <li>1-1. The project team upgrades Armenian OVOP method</li> <li>1-2. The Project team plans the ToT (training of trainers) on “Advanced” Armenian OVOP method, adding new kaizen tools.</li> <li>1-3. The Project team provides SMEDNC and BDS providers with the ToT on “Advanced” Armenian OVOP method.</li> <li>2-1. Armenian local businesses, which have already participated in Armenian OVOP activities promoted by the Project Phase1, improve their management and products.</li> <li>2-2. Newly 200 entrepreneurs (20 persons x 10 regions) participate in the start-up training, incorporating Armenian OVOP method.</li> <li>2-3. SMEDNC applies various tools of “Advanced” Armenian OVOP method for the growth of local SMEs.</li> <li>3-1. Armenian local businesses, which have already participated in Armenian OVOP activities promoted by the Project Phase1, improve their management and products.</li> <li>3-2. The Project team promotes business matching between Armenian SMEs and the Japanese enterprises and markets.</li> <li>3-3. The project team facilitates the participation of SMEs in international trade fairs.</li> <li>3-4. SMEDNC staff and Armenian business owners participate in the training courses in Japan.</li> <li>4-1. The Project team develops the tourism products (catalogues of B&amp;B, informational materials, touristic places, etc.).</li> <li>4-2. SMEDNC provides local SMEs and entrepreneurs, with technical and financial assistance to improve services.</li> <li>4-3. The project team promotes Armenian tourism products to Japanese and/or European tourism agencies and consumers.</li> <li>5-1. The Project team reinforces the marketing platforms developed by the Project Phase1, adding new practices.</li> <li>5-2. SMEDNC develop new practices of the marketing platform, with the technical assistance of the JICA experts' team.</li> <li>6-1. SMEDNC monitors the project activities, which shall be announced widely by mass media.</li> <li>6-2. SMEDNC elaborates the quarterly progress reports, with the assistance of the JICA expert team.</li> <li>6-3. SMEDNC applies the lessons learned from the project activities in different works for SME development.</li> </ol>

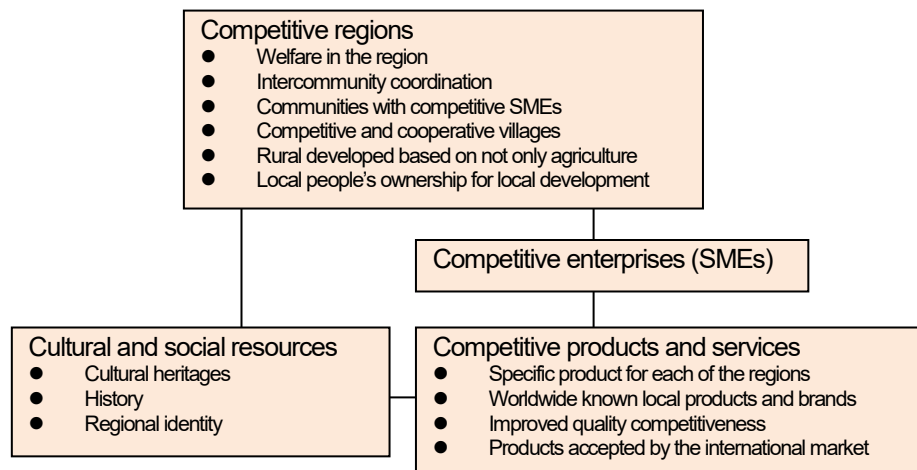


## 1.4. Armenian OVOP concept and Advanced OVOP method

### 1.4.1. Armenian OVOP concept

**OVOP** is a local economic development initiative developed in Japan that has been applied in different countries. It intends to minimize the gap between rural and urban areas in terms of economic development, and to promote territorial development based on the local people's ownership.

The Armenian OVOP concept, which was developed in the Project Phase 1, is defined as “**an integrated effort to promote the local economy, small enterprises, products and services in a coordinated manner, by utilizing local resources and culture**” as illustrated in the Figure 4.



**Figure 4. The Armenian OVOP concept**

The catchwords “*Touch the Culture, Feel the Nature and Taste the Tradition*” and logomark (Figure 5) have also been used to express the Armenian OVOP concept. The catchwords emphasize the development of SMEs and competitive products and services that are accepted by the international market.



**Figure 5. Logomark of Armenian OVOP**

## 1.4.2. Advanced OVOP method

Advanced Armenian OVOP method is defined in the PDM as consisting of (i) marketing platform<sup>5</sup> operation, including roadside station, (ii) knowledge of the international market's demands on Armenian products, including basic knowledge of food packaging and standard, and (iii) tourism promotion methods, besides the basic OVOP method that includes branding, merchandizing and kaizen. The Advanced OVOP method, that has been developed based on the OVOP method introduced by the Project Phase 1, is a core element of the Project. Its principle goal is to strengthen the competitiveness of local SMEs in both the domestic and international markets, with the support of the SMEDNC staff and BDS providers who are familiar with the method.

The Project has developed this method, emphasizing marketing strategy and quality management, including food hygiene management. The method is comprised of two (2) levels; basic and advance level. The method of basic level can be applied mainly by entrepreneurs who wish to start new businesses, and that of advanced level was developed for SMEs which intends to export their products and others (Figure 6).

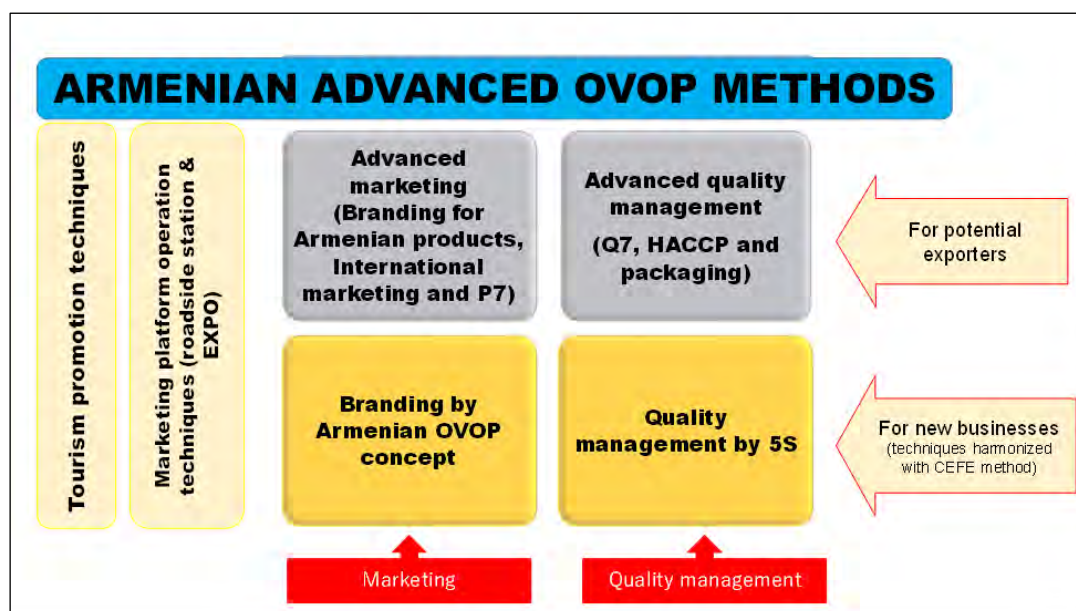


Figure 6. The framework of the Advanced OVOP Methods

## 1.5. Basic information on the SME and SME policy in Armenia

In this section, basic information on Armenia's SME policy and their major industry sectors (food processing and tourism industries) will be described.

### 1.5.1. Outline of the SMEs and related policies in Armenia

In Armenia, the Law on State Support of Small and Medium Entrepreneurship ("the Law") was enacted based on the bases of "Concept for SME Development Policy and Strategy in Armenia" which had been enacted in 2000. Based on the Law, consistent SME policies have subsequently been implemented. The SMEDNC is the implementation agency.

<sup>5</sup> Marketing platform is defined as mechanism to grasp customers' preferences and needs to improve and develop products/service.

SME policies have mainly been aimed at quantitatively expanding the SME sector (such as increasing the number of start-ups). However, in recent years, the focus has shifted onto moves on strengthening competitiveness through management innovation. "Small and Medium Enterprise Development Strategy 2016 - 2018" aims to develop a competitive environment through the dissemination of managerial knowledge, innovation, and improvement of financial access, among others. This is consistent with the direction of the Project's policy, namely, strengthening the competitiveness of local SMEs in domestic and foreign markets.

The definition of SMEs as based on the Law is shown in the table 2.

**Table 2. Definition of SME in Armenia**

	<b>Number of workers</b>	<b>Sales amount</b>	<b>Total asset value</b>
Microenterprises	Under 10	Under AMD 100 million	Under AMD 100 million
Small enterprises	Under 50	Under AMD 500 million	Under AMD 500 million
Medium enterprises	Under 250	Under AMD 1 billion	Under AMD 1.5 billion

(Source) National Strategy of Small and Medium Entrepreneurship Development

The number of formally registered SMEs in 2016 was about 80,000. This demonstrates an increase of 3,000 firms when compared with 2012. The next table shows the characteristics of Armenian SMEs.

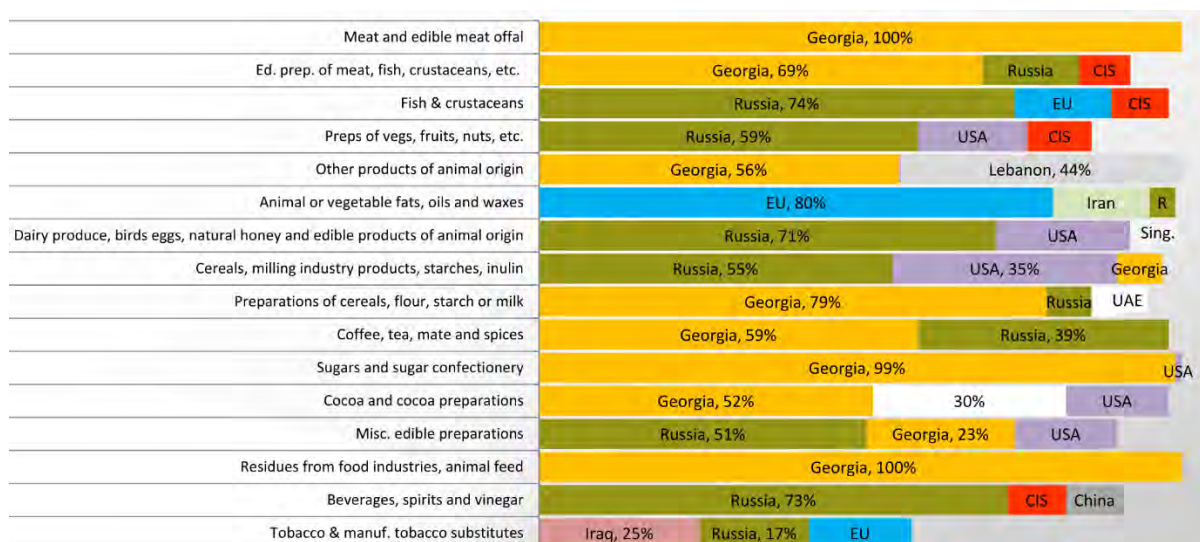
**Table 3. Characteristics of SMEs in Armenia**

Proportion of SMEs in all entities	SMEs constitute 98% of all registered and functioning legal entities. Microenterprises represent 92% of all SMEs <sup>6</sup> .
Location	Half of all SMEs are established in the capital city Yerevan.
Industry types	Nearly 60% of SMEs are engaged in retail and wholesale trade, with only 8.8% engaged in processed manufacturing (39.2% in the food sector).
Effect on employment by SMEs	In 2016, around 302,000 people were employed by SMEs (constituting 1/4 of total employment). SMEs play a significant employment role, especially in construction, accommodation, and food services.

(Source) <http://mineconomy.am/en/449>

As shown in the table above, the food processing and tourism industries play an important role in the Armenian SMEs sector. Both industries are mainly targeted toward domestic and neighboring markets (see Figure 7). The main destination of exports is Russia and Georgia, while their relationship with other developed economic markets is still weak. Therefore, it is desirable to promote economic growth by strengthening the international competitiveness of Armenian SMEs in order to promote export to diversified markets, which the Project endeavors to do.

<sup>6</sup> This number is sourced from the 2012 data; other data presented in this table is from 2016.



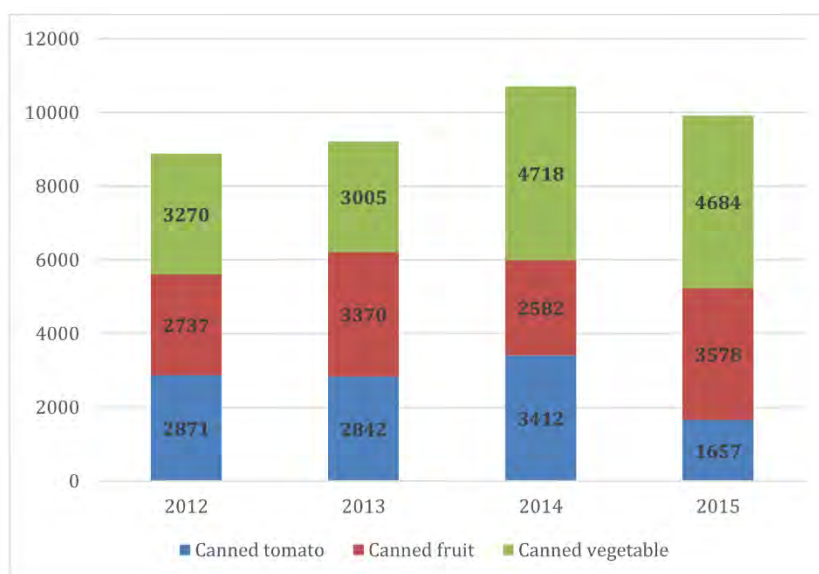
**Figure 7. Main export countries of Armenian processed food and beverages (2011)**

(Source) Food Processing Sector in Armenia (2013) Ameria Group

### 1.5.2. Outline of the food processing industry in Armenia

The biggest market of the Armenia food processing industry is domestic. In particular, the baking and milling industry exclusively targets the domestic market. Furthermore, large amounts of processed vegetables, fruits, and dairy products are exported to Russian and Georgian markets. There are but a few products that are destined for the European, American, and Asian markets.

Ararat and Armavir regions are the main areas wherein processed vegetables and fruits are produced. Both regions account for 90% of tomato production, 80% of cucumber production, and 30% of cabbage production, owing to their abundance of raw materials. As shown in Figure 8, the production volume of canned and bottled processed vegetables and fruits is steady.

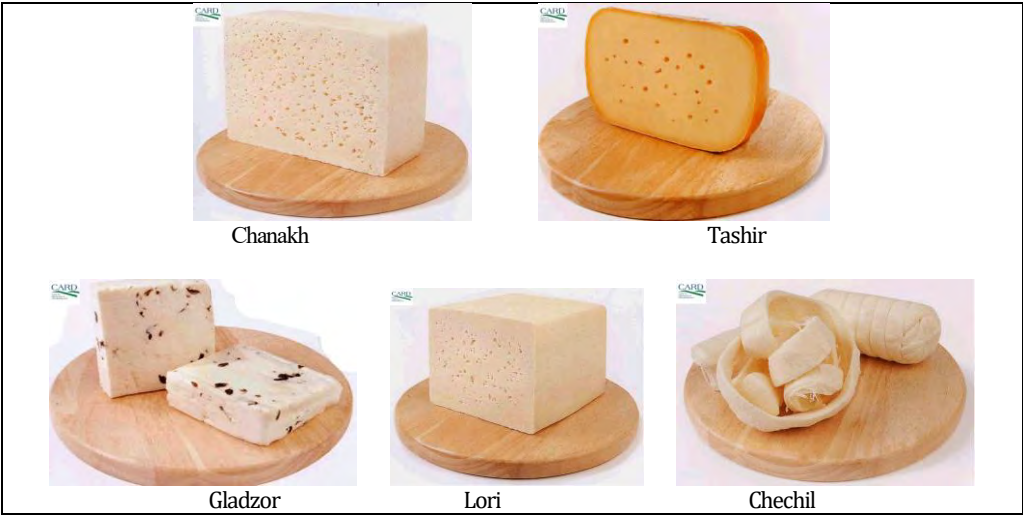


**Figure 8. Production volume of bottled processed products in Armenia (tons)**

(Source) Market Research 2017 by Economic Research Development Support Center

Ararat and Armavir regions are also famous for their dried fruits production from ancient times. In addition to those regions, in Meghri town in the Syunik region, the production of dried peaches, apricots, figs, persimmon, and nuts is also popular. The demand for domestic consumption of dried fruits is traditionally high, according to market survey conducted in the Project Phase 1 in 2014: 86.5% of the 200 households in Yerevan consume dried apricot, and 68.0% consume dried plum. Armenian dried fruits are also exported to Russia.

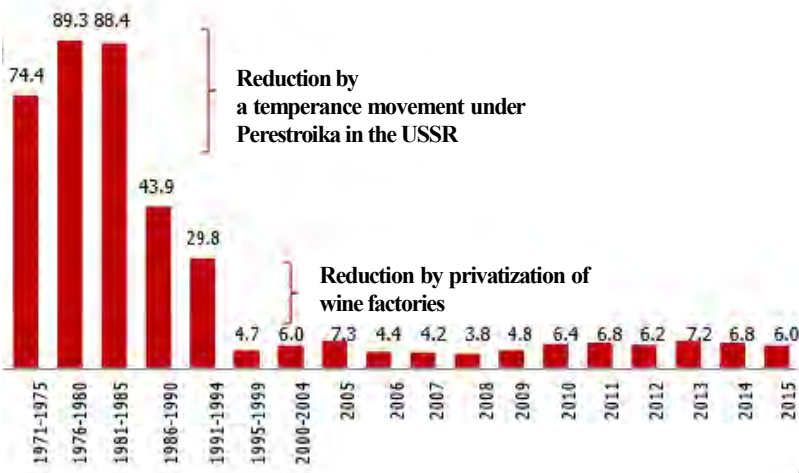
With the regard to dairy products, cheese making has flourished since ancient times. Due to the influence caused by the independence from the Soviet Union, it was said that approximately 95% of the production volume was lost once. However, the production volume has been recovered thanks to more than 100 corporate cheese producers working nationwide. Many dairy products are consumed in the domestic market with some being exported to Russia. Some of the 32 types of cheese in Armenia are shown below.



**Figure 9. Typical Armenian cheese**

(Source) CARD website

Wine production has been popular since ancient times in Armenia. Areni village in Vayots Dzor region is said to be the oldest wine production site in the world. However, the production scale has declined drastically (Figure 10).



**Figure 10. Wine production in Armenia (1million liter)**

(Source) Data from the National Statistical Committee

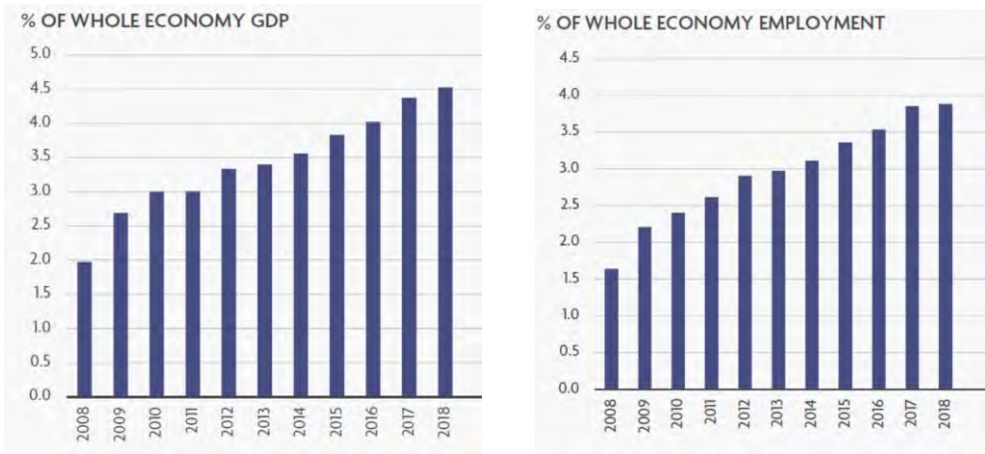
A survey was conducted with 200 citizens in Yerevan on their wine taste preferences in 2014 under the Project Phase 1. It showed that the preference for dry red wine is still limited, and many generations tend to prefer sweet wine. In the domestic alcoholic beverages market, the consumption of vodka and beer is high, when compared with wine consumption. This may be one reason why the wine industry has not expanded.

About two-thirds of Armenian wine is for the domestic market, and exports count for one-third of the total production. The top three export destinations in 2016 were (1) Russia, (2) the United States, and (3) Lithuania. The exports to Russia amounted to about USD 4.5 million, which is 13 times the export value to the United States. Exports are thus concentrated on Russia.

**1.5.3. Basic information on the Armenian tourism industry**

Armenia is the first Christian country and has with several ancient tourist assets, such as the oldest shoes and winery ruins in the world. Historical heritage sites that contribute to tourism development are abundant nationwide. Armenia is also home to the Guinness-certified longest cable car<sup>7</sup>, and there are many scenic views in the Lesser Caucasus.

The tourism industry is relatively accessible to businesses such as bed and breakfast (B&B) and restaurants. SMEDNC emphasizes the development of this sector for regional economic development. As described below, the proportion of tourism in Armenia's economy and employment has increased recently, and the importance of the tourism industry is also increasing.



**Figure 11. Proportion of the tourism industry in the GDP and employment**

(Source) World travel and tourism council (2018) Economic Impact Armenia 2018

As mentioned above, tourism development is progressing. However, it is still under development and may not be fully utilizing all of the possible tourist resources and potential.

- In the World Economic Forum's Tourism Competitiveness Ranking (2017), Armenia was in the 84<sup>th</sup> place ranking, lower than its neighboring countries. For example, Georgia occupies the 70<sup>th</sup> place.

<sup>7</sup> Longest non-stop double track cable car- Wing of Tatev (registered in 2010 to Guinness World Record)

- Most foreign tourists come from Russia and Georgia. Tourists from Western Europe and the United States account for 10% of the total and most of them are families who live in a foreign country. The diversification of tourists has not yet progressed.

Considering the current situation, it is important to incorporate tourism demand from various foreign countries, so that the tourism industry can contribute further to economic and social development.

#### **1.5.4. SME finances in Armenia<sup>8</sup>**

Information on the status of SME finance will be outlined here. Banks, credit organizations, insurance companies and so on are the primary financial institutions under the jurisdiction of the Central Bank of Armenia, of which 90% of all assets are accounted for by commercial banks. As of 2016, there are 20 commercial banks and 32 credit organizations. In recent years, the bank deposit balance and loan execution amounts have been increasing annually.

90% of Armenian SMEs have current accounts or ordinary deposits of commercial banks. However, many do not use commercial bank loans, due to complicated loan application procedures, high interest rates and so on. Thus, the SMEDNC supports the financial access of SMEs by providing credit guarantee<sup>9</sup>.

#### **1.6. Basic information of the SMEDNC**

SMEDNC was founded in March 2002 as the executing agency of the national annual SME support policies. It is administered by a board of trustees, including the head of the Ministry of Economic Development and Investment.

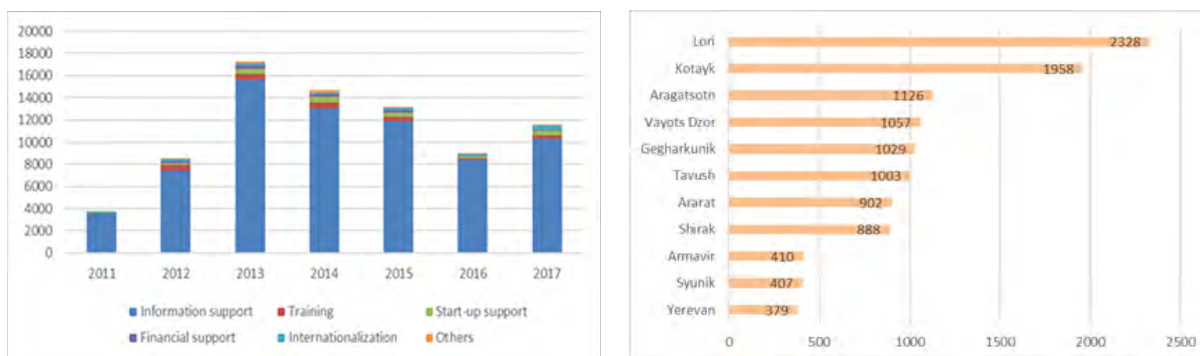
As shown in the figure 12, SMEDNC has been supporting more than 10,000 companies each year. From 2013 to 2015, because of increasing support from international and foreign organizations, it has increased its number of service provisions, such as start-up support and credit guarantees, among others.

By region, the most SMEs receiving support from SMEDNC are concentrated in Lori (data from 2017), because it is where the Project for Strengthening Regional Small Business Capacity of the European Union (EU) is being implemented (to be described later). Yerevan has a low number of supported SMEs because the mission of the SMEDNC is to firstly support local SMEs. Thus, the SMEDNC has paid attention to the OVOP movement in Japan and tried to introduce it as an instrument of local SME development through technical cooperation of JICA.

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<sup>8</sup> European Investment Bank (2016) Armenia Neighborhood SME Financing

<sup>9</sup> The outline of credit guarantee of the SMEDNC is described in the Table 4 (in the job of Financial Support Department)



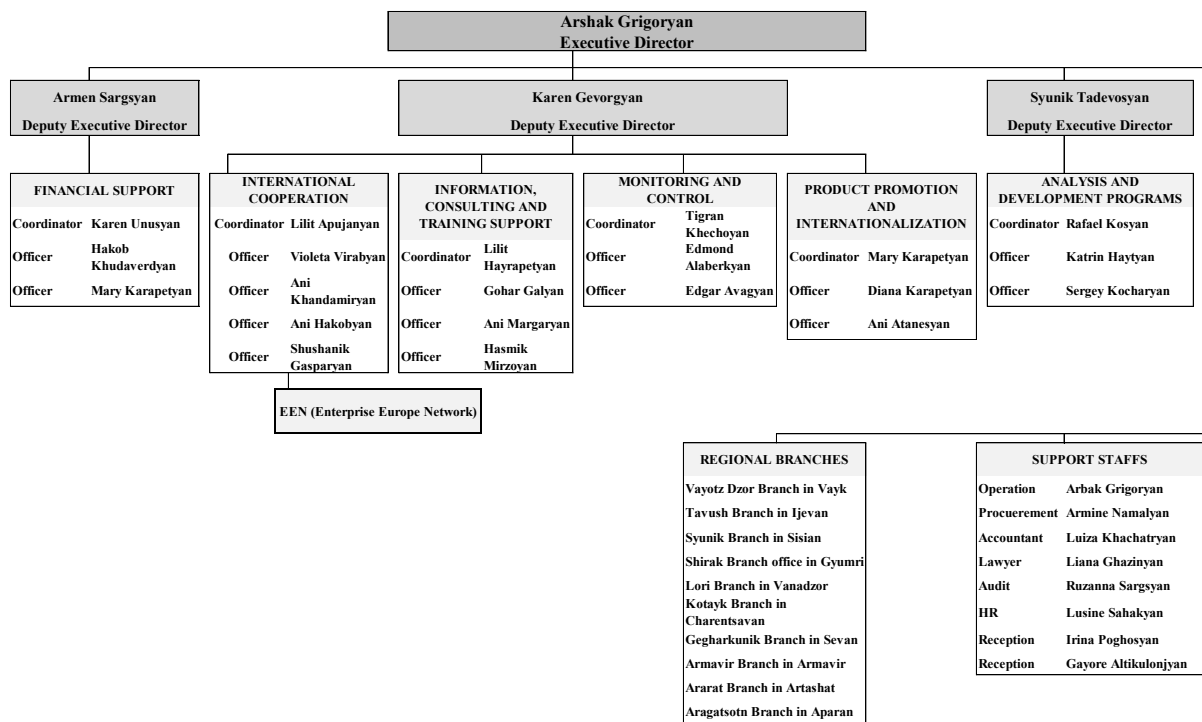
The job description of the main department (before reorganization) of the SMEDNC is shown in Table 4 and the organizational structure until March 2019 is shown in Figure 13. SMEDNC launched the "Product Promotion and Internationalization Department" in March 2018, noting the importance of sustainability in the Project's output with respect to the effective exhibition of local products in international trade fairs- one of the instruments used in the Advanced OVOP method. This department is mainly responsible for exhibition support in international trade fairs of Armenian SMEs and its respective capacity development

**Table 4. Job description summary of the departments of SMEDNC (until March 2019)**

International Cooperation Department	Coordination with international organizations and foreign cooperating agencies and promoting trade and investment as a support organization for the Enterprise Europe Network (EEN) <sup>10</sup> .
Information, Consulting and Training Support Programs Department	Provision of legal information (legislative amendments), application of innovations and new technologies, business contacts, attraction and management of financial resources, licensing, standardisation and providing companies with consultancy services
Product Promotion and internationalization Department	Provision of support for SMEs to participate in international trade fairs for export promotion and capacity development
Financial Support Department	Management of guarantees for loans provided by seven (7) financial institutions (maximum amount of AMD 15 million, up to 70% of principal of the loan). SMEs can receive a loan with a 10% annual interest rate, which is considerably low when compared to the 24 - 35 % of annual interest rates without guarantee.
Analysis Development Programs Department	Incorporating analysis of economic potential.
Monitoring and Control Department	Monitoring the support programs of SMEDNC, and the status of SMEs

<sup>10</sup> EEN, which was established by European Union in 2008, networks various business support organizations such as Chambers of Commerce located in different European cities. Today not only European organizations but also the other regions' 600 entities, including a Japanese organization, participate in EEN. SMEDNC puts on Armenian SMEs which want to export the products at EEN's database to facilitate business matching. (<http://een.ec.europa.eu/>)

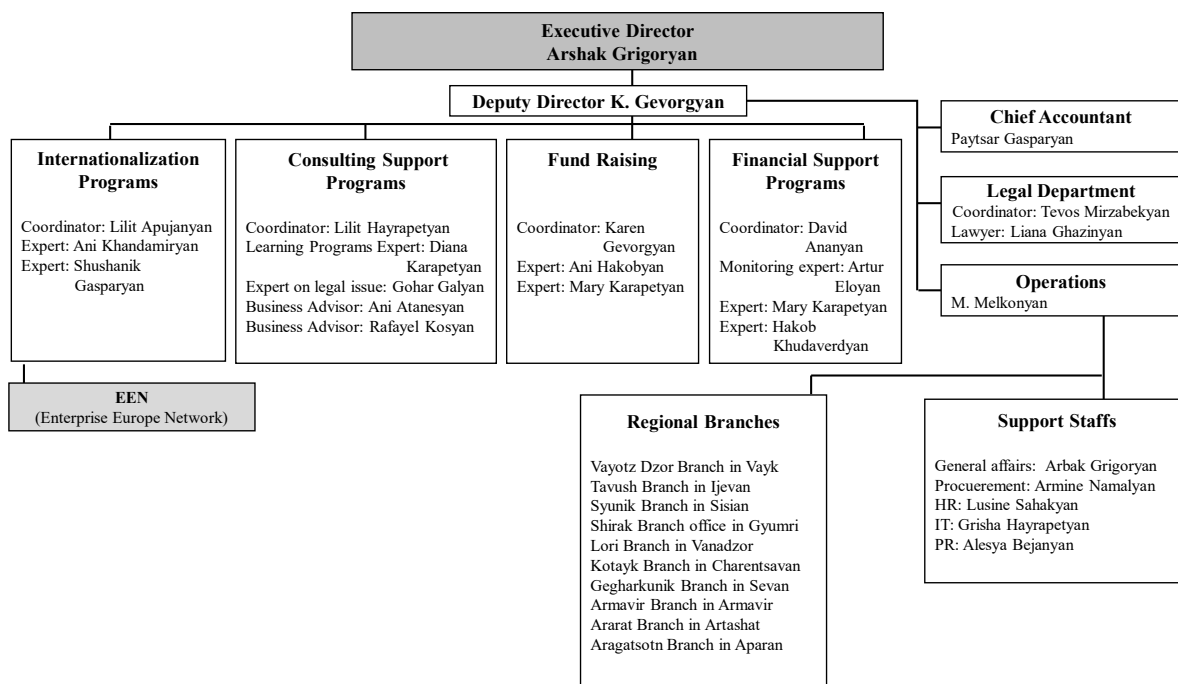




**Figure 13. The organizational structure of the SMEDNC (until March 2019)**

In April 2019, the Government of Armenia realized a reform of governmental agencies and national foundations. The SMEDNC also reformed its structure as figure 14. Some functions of Business Armenia, such as supporting exhibitions in international trade fairs, will be transferred to the SMEDNC.

Although it is under the function of reorganizing each division, the role of the Product Promotion and Internationalization Department will be transferred to the Internationalization Programs Division.



**Figure 14. The organizational structure of the SMEDNC (from April 2019)**

The functions to be served by SMEDNC' departments in new structure are noted below, though the definition of such functions has not been finalized yet.

- Internationalization programs division: Besides its conventional roles, including coordination with international organizations and foreign agencies, the division should promote the export by providing assistance for the participation of SMEs in trade fairs.
- Consulting support programs division: The division should provide SMEs with legal information, new administrative and technological information, business matching services, consultancy services.
- Fund raising division: The division should raise funds which is required for SMEDNC's operation, by collaborating with the other entities.
- Financial support programs division : The division should (i) manage guarantees for loans provided by seven (7) financial institutions (maximum amount of AMD 15 million, up to 70% of principal of the loan), and (ii) monitor the beneficiaries (enterprises and entrepreneurs).

## **1.7. Information of related Armenian institutions related to the Project**

This section gives information on the Armenian institutions with which the Project collaborated

### **1.7.1. Food Safety Inspection Body (former State Service for Food Safety)**

The Food Safety Inspection Body (FSIB) under the Government of Armenia, which was reorganized from the State Service for Food Safety (SSFS), is responsible for food quarantine and food safety inspection. The tasks of FSIB include (i) the management standards for slaughterhouses; (ii) the approval of food transport vehicles; (iii) food quarantine at borders; (iv) capacity development for food inspection; (v) crisis management for food sanitation; (vi) elaboration and renewal of food safety data base; and (vii) the promotion of HACCP (Hazard Analysis Critical Control Point).

The Project is engaged in the development of local SMEs in manufacturing sector for export promotion of local products, including processed foods and beverages, as well as the tourism sector such as bed and breakfast (B&B) and restaurants. Therefore, a collaboration with FSIB is quite important.

For the sustainable cooperation between the SMEDNC and the SSFS/FSIB, the Minutes of Understanding (MoU) on the collaboration for food safety was signed by both parties in August 2018. Under the agreement, the following activities were realized;

- The elaboration of video materials and complementary training materials
- The implementation of ToT on food hygiene control for SMEDNC staff



**Signing on MoU between SMEDNC and SSFS for collaboration on food hygiene management**

### **1.7.2. The State Tourism Committee and the Armenia Tourism Development Foundation<sup>11</sup>**

The State Tourism Committee (STC), under the Ministry of Economic Development and Investment, is responsible for the development and implementation of tourism-related policies. The Armenia Tourism Development Fund (ATDF) was the implementing body for tourism promotion policy and programs.

The Project realized collaborations with these institutions for the effective implementation of the Project following:

- Participation in stakeholders' committee meetings held by the STC with other donors to present the Project's activities, the Advanced OVOP method, the RSS development plan, and others.
- Collaboration to develop tourism promotion material targeted to Japanese tourists and the implementation of training on how to effectively develop these materials.
- Collaboration in participating in Tourism EXPO Japan 2018.

Regarding Tourism EXPO Japan 2018, the SMEDNC, the STC and the ATDF signed the MoU in July 2018 to confirm (i) the collaboration of the three (3) bodies to prepare and present in Tourism EXPO Japan 2018, (ii) the cost-sharing for the exhibition, and (iii) the support participation of local tour agencies for business matching with Japanese agencies.

The STC and the ATDF jointly contributed approximately AMD 3 million from their annual budget for Tourism EXPO Japan 2018. This amount represents approximately 27% of the total expenditure for the rented space and its design and construction.



**Signing on MoU among SMEDNC, STC and ATDF for collaboration on Tourism EXPO Japan 2018**

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<sup>11</sup> The ATDF is currently in the process of liquidation.

### 1.7.3. The Vine and Wine Foundation for Armenia (VWFA)

The VWFA is a national foundation under the Ministry of Agriculture for the efficient and coordinated development of the wine sector.

The VWFA collaborated with Tourism EXPO Japan 2018 for the promotion of wine tourism in Armenia, aiming to create a synergy effect between local product and local tourism development.



**Armenian wine tourism promotion in Tourism EXPO Japan 2018**

### 1.7.4. The Armenian B&B Development Association

The Armenian B&B Development Association is a private institution. Its objectives are to promote tourism, to ensure the best hospitality and comfort for its clientele.

The Project collaborated with the association to implement the following activities;

- Provision of technical advice for the association staff on effective tourism promotion
- Development of the B&B guidebook entitled “Hospitable Armenia”
- Implementation of training for B&B owners and association staff on the Advanced OVOP method (tourism development and food hygiene management).

### 1.7.5. Business Armenia<sup>12</sup>

Business Armenia (the rebranded Development Foundation of Armenia: DFA) has the objective of enhancing Armenia’s rating and competitiveness, attract investments and promote exports. With the aim to promoting exports, Business Armenia contributes to the recognition that Armenian products enjoy abroad, as well as to the increase in export volumes and market diversification. SMEDNC, under collaboration with Business Armenia, supported local SMEs to participating in international trade fairs, such as SIAL Paris 2018, applying Advanced OVOP method.

### 1.7.6. The Embassy of Armenia in Japan

Embassies in overseas countries can play an important role in national products/tourism promotion. The Project developed a strong relationship with the Embassy of Armenia in Japan and connected it to the SMEDNC. The

<sup>12</sup> Business Armenia was dissolved, and the support function of international trade fairs participation is to be transferred to the SMEDNC.

following activities were realized through the collaboration with the Embassy.

- Participation in the event “Christmas in the World” (December 2016, in Yokohama, Japan), as an event-type of marketing platform.
- Participation in the event “Armenian Cultural Week” (May 2017, in Tokyo, Japan), as an event-type of marketing platform.
- Participation in FOODEX Japan 2018 (March 2018, in Chiba, Japan).
- Armenian tourism presentation and business matching, through participating in Tourism EXPO Japan 2018 (September 2018, in Tokyo, Japan).
- Presentation given by the Ambassador of Armenia at the event for introducing Armenian tourism in a travel *café*. (September 2018, in Tokyo, Japan).
- Discussion among the Ambassador of Armenia to Japan and the SMEDNC Executive Director and its staff (at the opportunities in training courses in Japan and when the Ambassador’s returning home).



Presentation of Armenia  
by Ambassador of Armenia to Japan



Discussion between SMEDNC and Embassy

### 1.7.7. Armenian community in Singapore

It is estimated that the total Armenian population living worldwide is 11 million. Of those, approximately 3 million live in Armenia, which means that around 8 million live outside Armenia.

The Project participated in international trade fairs in Singapore (FHA 2018), and because of the lack of an Armenian embassy there, the Project requested a collaboration with the local Armenian community. Some representatives of Armenian enterprises in Singapore provided technical support, lectures on market characteristics in South East Asian countries, and business matching support with buyers from Singapore and neighbouring countries. The collaboration with the Armenian community was quite effective in facilitating the internationalisation of local SMEs.

### 1.8. Information on related programs and projects implemented by other international cooperation activities

In this section, the main cooperation projects and programs executed by other donors related to the development of SMEs are outlined. Since the Project Phase 1, collaborative activities have been carried out with other donors. In the Project, collaboration with other donors is being strengthened.

### 1.8.1. European Union (EU)

The following initiatives related to SME development are supported by the EU.

- (1) **The EU Framework Program for Research and Innovation HORIZON 2020 (H2020)** applies to Armenia and other Eastern European countries. The instrument is targeted at research-intensive SMEs to stimulate their level of innovation<sup>13</sup>.
- (2) **The Support to SME development in Armenia Project** is co-funded by the EU and the German Federal Ministry for Economic Cooperation and Development and is implemented by GIZ with a budget equivalent to EUR 6.4 million. It supports the improvement of the business environment and investment climate for SMEs in Armenia by strengthening the private sector, the SME coordination mechanism, and the link between research and economy, in addition to providing the SMEs with access to financing options<sup>14</sup>.
- (3) **Boosting competitiveness of regional SMEs Project** has been implemented under the Pilot Regional Development Program Grant Scheme of the EU, with a budget equivalent to EUR 1.6 million from 2016 for two years. The overall objective of the Project is to boost the competitiveness of the regional SMEs and create sustainable employment opportunities in Lori, Syunik and Armavir region. This project has three components:
  - “Business Related Infrastructure Development”- The establishment of business-enabling infrastructure -Road Side Station (RSS) - marketing platforms for local products and services in Lori region.
  - Entrepreneurship Development- Building the entrepreneurial capacities of active local youth, especially female entrepreneurship, as well as capacity building for local authorities and local business service providers.
  - Employment Promotion- A series of sector-specific and general business trainings sessions for unemployed adults and sub-grants for companies that will provide employment and organization of job fairs.

The Project realized collaboration with this EU Project through the following activities:

- The Project provided technical assistance so that the aforementioned RSS could be operated effectively. This includes technical advice to elaborate operational guideline, participation in the technical committee of the RSS plan and provision of opportunities to learn the operations of several RSSs in Japan during the training courses in Japan (see 3.6.2)<sup>15</sup>.
- The Project introduced the Armenian OVOP concept to more than 60 local stakeholders (local government officers, community leaders, and local SMEs) in Lori, Syunik and Armavir regions, collaborating with the EU Project, so that the Advanced OVOP methods may be diffused.

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<sup>13</sup> <http://eenarmenia.am/en/content/horizon2020/>

<sup>14</sup> [https://ec.europa.eu/headquarters/headquarters-homepage/11299/support-sme-development-armenia\\_nl](https://ec.europa.eu/headquarters/headquarters-homepage/11299/support-sme-development-armenia_nl)

<sup>15</sup> The SMEDNC issued a tender for the construction of the RSS in Ghursali village, Lori region in August 2018. The construction is expected to complete in June 2019 and the RSS is expected to inaugurate in October 2019.



**Construction site of RSS**



**Workshop with local stakeholders**

### **1.8.2. Austrian Development Agency (ADA)**

The ADA, established by the Government of Austria as an implementation body of the Austrian Development Cooperation programs, has been implementing the Organic Agriculture Support Initiative (OASI) Project in Armenia since 2016. This project aims to increase the added value of Armenian organic products and assist in the organizational strengthening of relevant public and private institutions to attain higher operational efficiencies. The project has a budget equivalent to EUR 3.3 million for a period of three (3) years.

The Project has collaborated with the ADA on supporting local SMEs as per the following;

- Presentation of the Advanced OVOP method as a possible tool for local SME development to representatives of the ADA in Armenia and OASI project officers.
- Provision of preparatory technical training on the Advanced OVOP method for exhibitors (mostly natural and organic food processing companies) at the “Middle East Organic & Natural Products Expo” held in 2017 and 2018 in Dubai, the United Arab Emirates. (12 local SMEs participated in December 2017 and nine (9) SMEs in November 2018).
- Provision of training in the EXPO venue for exhibitors on effective communication and business matching skills and monitoring, by the Project local coordinator<sup>16</sup>.

The Advanced OVOP method was appreciated by ADA, as an effective tool for participating in international trade fairs. The ADA, with the SMEDNC, utilized the method for participants in other trade fairs (see 3.4.4).



**On-site training in the venue of EXPO (2017)**



**Preparational training (2018)**

<sup>16</sup> The OASI Project covered the expenditure for his trip, except for per diem.

### 1.8.3. Programma Uitzending Managers (PUM) of the Netherlands

PUM is a non-profit organization established by the Dutch Employers' Federation, with financial support from the Netherlands Ministry of Foreign Affairs. It supports entrepreneurs in developing countries and emerging markets by dispatching senior experts, each of whom has at least 30 years of experience in their respective areas of expertise. Since 2009, PUM has assisted the SMDNC in employment generation and tourism promotion.

The Project realized a collaboration with PUM in the following activities, under the coordination of the SMEDNC;

- Start-up training on export-oriented entrepreneur promotion in Armavir and Ararat Region.
- Start-up training focusing on food hygiene management in seven regions<sup>17</sup>.
- In-site consulting for local food processing SMEs in Lori region by JICA and PUM experts.
- Seminar in Yerevan on food hygiene management by JICA and PUM experts.



**On-site consulting**



**Seminar in Yerevan**

### 1.8.4. Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

The German Federal Enterprise for International Cooperation -Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) cooperates closely with the SMEDNC on the development of SMEs.

It is important to note that several methods applied by the SMEDNC, including Participatory Appraisal of Competitive Advantage (PACA) and the Competency Based Economies Formation of Enterprise (CEFE), were originally developed through German technical cooperation. The Advanced OVOP methods utilized by the Project combines elements of the CEFE method for entrepreneurs.

### 1.8.5. United States Agency for International Development (USAID)

The Partnership for Rural Prosperity (PRP) program implemented by the USAID from 2013 until 2018 promoted rural economic development in Armenia. The PRP seeks to help rural communities in identifying local economic growth opportunities, improving employment prospects for women, youth, and vulnerable groups, facilitating infrastructure upgrades, and improving access to finance and markets. The salaries of some SMEDNC staff were disbursed by this project. The program consists of the following two components:

<sup>17</sup> Ararat, Armavir, Gegharkunik, Tavush, Syunik, Lori and Shirak



- Community development, which includes analytical studies to assess economic potential on a village level and training for local entrepreneurs, among others.
- Reconstruction of local infrastructure for local economic development.

The Project Phase 1 has realized joint activities with the PRP program in some regions, such as Vedi town in Ararat region.

#### **1.8.6. World Bank**

The World Bank has been implementing the “Local Economy and Infrastructure Development Project” since 2015, with a total project cost equivalent to USD 68.75 million.

Its objective is to improve infrastructure services and institutional capacities for increased tourism contribution to local economy in selected regions of Armenia. The Project activities are expected to be of benefit to the residents, tourists and enterprises in three (3) southern regions (Ararat, Vayots Dzor and Syunik regions), and two (2) northern regions (Kotayk and Lori regions).

The Project and the SMEDNC collaborate through an exchange of information relating to technical advice with related entities such as the STC, the ATDF, and so on.

#### **1.8.7. United Nations Development Programme (UNDP)**

The UNDP has been conducting tourism development support aimed at poverty reduction from 2016 to 2019. This is called the “Integrated Rural Tourism Development” project, which consists of (i) a selection of communities with tourism potential for support (60 communities), (ii) support for the diversification of tourism products, and (iii) support for strengthening the sustainability of tourist sites.

The Project also exchanged information with the UNDP project.

## 2. Project inputs and operational method

The Project's activities have been developed a team composed of both the Armenian and Japanese sides and was under the decision-making process of the JCC, as described below.

### 2.1. Project inputs

#### 2.1.1. Dispatch of Japanese experts

Table 5 lists the Japanese experts who were dispatched.

**Table 5. Japanese experts dispatched**

Name	Title	Period	Organization
Mr. Ryuji Seno	Chief Advisor/ SME development	<ul style="list-style-type: none"> <li>● 17/Jul/2016 to 30/Aug/2016</li> <li>● 18/Sep/2016 to 01/Oct/2016</li> <li>● 23/Nov/2016 to 17/Dec/2016</li> <li>● 16/Jan/2017 to 29/Jan/2017</li> <li>● 08/May/2017 to 04/Jun/2017</li> <li>● 09/Aug/2017 to 06/Sep/2017</li> <li>● 21/Sep/2017 to 28/Sep/2017</li> <li>● 13/Nov/2017 to 13/Nov/2017 (Thailand)</li> <li>● 10/Dec/2017 to 22/Dec/2017</li> <li>● 15/Jan/2018 to 11/Feb/2018</li> <li>● 21/Mar/2018 to 07/Apr/2018</li> <li>● 17/Apr/2018 to 02/May/2018 (Singapore)</li> <li>● 04/Jun/2018 to 13/Jun/2018</li> <li>● 22/Jul/2018 to 05/Aug/2018</li> <li>● 04/Dec/2018 to 21/Dec/2018</li> <li>● 24/Mar/2019 to 03/May/2019</li> <li>● 13/May/2019 to 31/May/2019</li> </ul>	Kaihatsu Management Consulting Inc.
Mr. Akihiro Tsukamoto	Deputy Chief Advisor/ SME Administration	<ul style="list-style-type: none"> <li>● 17/Jul/2016 to 06/Aug/2016</li> <li>● 30/Oct/2016 to 13/Nov/2016</li> <li>● 12/Mar/2017 to 02/Apr/2017</li> <li>● 24/Oct/2017 to 23/Nov/2017</li> <li>● 23/Oct/2018 to 05/Nov/2018</li> <li>● 09/Jan/2019 to 07/Feb/2019</li> </ul>	
Ms. Tamaki Tanaka	1 <sup>st</sup> Term: SME Administration (2) 2 <sup>nd</sup> Term: International marketing (1)	<ul style="list-style-type: none"> <li>● 07/Aug/2016 to 29/Aug/2016</li> <li>● 17/Oct/2016 to 19/Nov/2016</li> <li>● 19/Feb/2017 to 23/Mar/2017</li> <li>● 14/Aug/2017 to 26/Aug/2017</li> <li>● 17/Sep/2017 to 21/Oct/2017</li> <li>● 13/Nov/2017 to 18/Nov/2017 (Thailand)</li> <li>● 15/Jan/2018 to 24/Feb/2018</li> <li>● 21/May/2018 to 22/Jun/2018</li> <li>● 21/Aug/2018 to 29/Sep/2018</li> <li>● 03/Apr/2019 to 09/May/2019</li> </ul>	
Mr. Motoaki Jo	1 <sup>st</sup> Term: Tourism Development (1)	<ul style="list-style-type: none"> <li>● 29/Aug/2016 to 18/Sep/2016</li> <li>● 28/Sep/2016 to 22/Oct/2016</li> <li>● 05/Mar/2017 to 28/Mar/2017</li> </ul>	
Ms. Takako Mochizuki	1 <sup>st</sup> Term: Tourism Development (2) 2 <sup>nd</sup> Term: International marketing (2)	<ul style="list-style-type: none"> <li>● 03/Sep/2016 to 17/Sep/2016</li> <li>● 03/Apr/2017 to 24/Apr/2017</li> <li>● 05/Feb/2018 to 11/Mar/2018</li> <li>● 21/May/2018 to 15/Jul/2018</li> <li>● 15/Oct/2018 to 19/Nov/2018</li> <li>● 21/Jan/2019 to 01/Mar/2019</li> </ul>	
Ms. Kazuko Shirai	1 <sup>st</sup> Term: Export marketing	<ul style="list-style-type: none"> <li>● 11/May/2017 to 04/Jun/2017</li> </ul>	

Mr. Shinta Nishino	1 <sup>st</sup> Term: Food packaging and safety standards / Project coordination 2 <sup>nd</sup> Term: Quality management/ Project coordination	<ul style="list-style-type: none"> <li>● 11/Mar/2017 to 01/Apr/2017</li> <li>● 09/Aug/2017 to 08/Oct/2017</li> <li>● 06/Nov/2017 to 14/Dec/2017</li> <li>● 21/Mar/2018 to 21/Apr/2018</li> <li>● 10/Jun/2018 to 21/Jul/2018</li> <li>● 07/Aug/2018 to 29/Aug/2018</li> <li>● 06/Mar/2019 to 31/Mar/2019</li> </ul>	
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## 2.1.2. Assignment of Armenian counterpart personnel

Table 6 lists the counterpart personnel of the SMEDNC Head Office.

**Table 6. List of counterpart personnel of the SMEDNC**

Name, Current position	Main roles during the Project period	Period	Name of expert in charge
Mr. Levon Mnatsakanyan Executive Director	Project Director	July 2016 to June 2018	Seno Tsukamoto
Mr. Arshak Grigoryan Executive Director		July 2018 up to the present	
Mr. Karen Gevorgyan Deputy Executive Director	Project Manager	July 2016 up to the present	
Ms. Lilit Apujanyan Head of Internationalization Programs Division		July 2016 up to the present	
Ms. Mery Karapetyan Expert on Fund Raising Division	Coordination on international trade fairs and training for exhibitors and potential exporters	August 2017 up to the present	Tanaka Mochizuki Nishino Jo Shirai
Ms. Diana Karapetyan Expert on Consulting Support Programs Division		August 2017 up to the present	
Ms. Anni Atanesyan Expert on Consulting Support Programs Division		August 2017 up to the present	
Ms. Hacob Khudaverdyan Expert of Financial Support Program Division,	Financial support for entrepreneurs	July 2016 up to the present	
Ms. Hazmik Mirzoyan Training Support Program Program Senior Expert	Coordination on training programs	July 2016 up to April 2019	
Mr. Davit Muradyan PR & Communication	Public relations of the Project	July 2016 up to January 2019	Seno Nishino
Mr. Rafael Kosyan Business Advisor on Consulting Support Programs Division	Monitoring pilot SMEs	September 2017 up to May 2019	Tsukamoto Nishino

### 2.1.3. Reception of Armenian trainees for the course in Japan and third countries

During the Project period, three training courses in Japan and two training courses in third countries (Thailand and Singapore) were executed (Table 7 and 8).

**Table 7. List of Armenian participants of training courses in Japan**

Name of the course / JICA Center	Period	Contents	Name of participants	Position at that time
Development of local production and promotion of local brands / JICA Tokyo International Center	14/Feb/2017 to 24/Feb/2017	<ul style="list-style-type: none"> <li>- Understanding of the characteristics of the Japanese market and requirement for the export of local Armenian products</li> <li>- Learning experiences in Japan in local product development and local brand promotion</li> </ul>	Levon Mnatsakanyan	Executive Director, SMEDNC
			Karen Gevorgyan	Deputy Executive Director, SMEDNC
			Lilit Apujanyan	Head of International Cooperation Programs Division, SMEDNC
			Lilit Hayrapetyan	Head of Information & Consulting Support Division, SMEDNC
			Meri Karapetyan	Senior Officer of Financial Support Programs Division, SMEDNC
			Hasmik Mirzoyan	Senior Expert of Training Support Programs Division, SMEDNC
			Ruzanna Sargsyan	Auditor, SMEDNC
			Sevak Apujanyan Sevak	Director of Lori Branch, SMEDNC
			Suren Khudaverdyan	Director of Syunik Branch, SMEDNC
Irina Nazaryan	Senior Expert of Tavush Branch, SMEDNC			
Development of local production and promotion of local brands/ JICA Tokyo International Center	1/Mar/2018 to 14/Mar/2018	<ul style="list-style-type: none"> <li>- Practicing the exhibition and promotion of local products in an international trade fair (FOODEX Japan 2018)</li> <li>- Learning the operation of RSS and food hygiene management in Japanese SMEs</li> </ul>	Levon Mnatsakanyan	Executive Director, SMEDNC
			Meri Karapetyan	Officer of Information & Consulting Support Division, SMEDNC
			Ani Atanesyan	Expert of Local Economic Development Division, SMEDNC
			Davit Muradyan	PR & Communication Officer, SMEDNC
			Lilit Hakobyan	Senior Expert of Vayot-Dzor Branch, SMEDNC
			Vahagn Nalbandyan	Expert of Lori Branch, SMEDNC
			Nansen Tsatryan	Senior Expert of Syunik Branch, SMEDNC
			Zograb Keshishian	Director, Rozfrud LLC
			Arkadya Khachikyan	Owner, PE Arkadya Khachikyan
Ashkhen Sardaryan	Export Responsible, Old Bridge LLC			
Local tourism promotion of Armenia/ JICA Tokyo International Center	13/Sep/2018 to 26/Sep/2018	<ul style="list-style-type: none"> <li>- Practicing the exhibition and promotion of local tourism in an international trade fair (Tourism EXPO Japan 2018)</li> <li>- Learning the experience in Japan regarding local tourism development and in-bound tourism promotion</li> </ul>	Arshak Grigoryan	Executive Director, SMEDNC
			Meri Karapetyan	Head of Products Promotion and Internationalization Division, SMEDNC
			Diana Karapetyan	Senior Expert of Products Promotion and Internationalization Division, SMEDNC
			Hacob Khudaverdyan	Senior Expert of Financial Support Program Division, SMEDNC
			Tigran Khechoyan	Head of Monitoring and Control Division, SMEDNC
			Anna Davidyan	Owner, Travel Armenia by Luxury Voyage LLC
			Lolita Hakobyan	Owner, Armenia Travel by Elitar LLC
			Narine Musayelyan	Owner, Tour Advisor LLC
			Vladimir Gregoryan	Director, DA Tours LLC
Artak Avetisyan	Owner, Tour Advice LLC			

**Table 8. List of Armenian participants of training courses in 3<sup>rd</sup> countries**

Name of the course / Country	Period	Contents	Name of participants	Position at that time
OVOP Management/ Thailand	14/Nov/2017 to 17/Nov/2017	<ul style="list-style-type: none"> <li>- Understanding of the characteristics of the Southeast Asian countries market and requirements for the export of local Armenian products</li> <li>- Learning experiences in the One Tambon One Product (OTOP) Program</li> </ul>	Levon Mnatsakanyan	Executive Director, SMEDNC
			Violeta Virabyan	Officer of International Cooperation Programs Department, SMEDNC
			Marianna Petrosyan	Project Manager of International Cooperation Programs Department, SMEDNC
			Rafayel Kosyan	Consultant of Monitoring Department, SMEDNC
			Suren Gasparyan	Director of Vayot-Dzor Branch, SMEDNC
			Hamletina Tonakanyan	Expert of Shirak Branch, SMEDNC
			Armine Asiryan	Deputy Director, Ar Phyto Pharm LLC
			Vazgen Matevosyan	Owner, Matevosyan Wine LLC
			Gayene Simonyan	Director, BeeArt LLC
OVOP Training Course for International Trade Fair Participation/ Singapore	19/Apr/2018 to 1/May/2018	<ul style="list-style-type: none"> <li>- Practice exhibition and promotion of local products in international trade fair (Food and Hotel Asia 2018)</li> <li>- Learning of the SME development program in Singapore</li> </ul>	Garnik Manukyan	Local Project Coordinator
			Levon Mnatsakanyan	Executive Director, SMEDNC
			Karen Gevorgyan	Deputy Executive Director, SMEDNC
			Mushegh Baburyan	Chief of staff, SMEDNC
			Meri Karapetyan	Officer of Information & Consulting Support Division
			Diana Karapetyan	Senior Expert of Training Support Programs Division
			Katryn Haytyan	Senior Expert of Information & Consulting Support Division
			Armine Asiryan	Deputy Director, Ar Phyto Pharm LLC
			Samuel Grigoryan	Director, Ecovec LLC
Karen Mirzoyan	Manager, Agrar Armavir LLC			
Garnik Manukyan	Local Project Coordinator			



Training in Japan (February 2017)



Training in Japan (March 2018)



Training in Japan (September 2018)



Training in Singapore (April-May 2018)

## 2.1.4. Provision of equipment from the Japanese side

For the effective implementation of the Project. The Japanese side provided equipment (see Table 9).

**Table 9. List of equipment provided from Japanese side**

No.	Name of equipment	Amount	Purpose	Date of procurement	Serial No.	Producer	Unit price	Location installed
1	Lap-top computer	15	Training, monitoring and public relations	01/09/2016	HP UMA, 15.6HD SVA AG, i5-6200U	HP	880USD	SMEDNC head office and regional branches
2	Printer	10			MFD, A4, Laser 26 ppm	Xerox	350USD	SMEDNC regional branches
3	Multi-functional printer (1)	1			MFD, A4, Laser 28 ppm	Xerox	2,135USD	SMEDNC head office
4	Multi-functional printer (2)	1			MFD, A3, Laser, 22 ppm	Xerox	775USD	SMEDNC head office
5	Digital device with camera	10	Monitoring and public relations	06/12/2016	Quadra A0509P	TSD	274USD	SMEDN regional branches
6	Multi-functional laptop	1		23/01/2017	VPCF 215FXB1	SONY	1,740 USD	SMEDNC head office
7	Electric dryer	2	Production training	17/03/2017	300 kg upload capacity with controlled airflow, EQ-05SW	DONG HO	4,918 USD	“Nairyan Gourmet” LLC, Hatsik village, Armavir region -“Fruitcourt” LLC, Armavir town, Armavir region
8	Vacuum packaging machine (1)	2		24/03/2017	DZ400	Xutian Packing Machine	1,541.5 USD	SMEDNC Head Office
9	Vacuum packaging machine (2)	1			DZ500		1,917 USD	“IE Gayane Martirosyan” Armavir town, Armavir region
10	Laptop PC	2	ICT training	20/04/2017	I5, 7200, RAM8GBm, HDD 500 SW	DELL	900USD	SMEDNC Head office
11	Interactive Projector	1			Multi Touch WXGA	NEC	3,790 USD	
12	Monitor	1		16/05/2017	34UM95-P34 ”21:9	LG	1,250 USD	
13	Refrigerated counter	1	Production and catering training	15/01/2019	CMPP-202-GR	Fagor	USD3,386	SMEDNC Lori Branch office
14	Ingredient Unit	1			MI-202	Fagor	USD1,137	
15	Oven	1			FML4	Fimar	USD1,663	
16	Ventilated hood	1			звн1011	SIMECO	USD464	
17	Self-cooking center	1			B618100.01	RATIONAL	USD9,066	
18	Proofing cabinet	1			ALTOP64	FIMAR	USD1,311	
19	Spiral kneader	1			18/CNS	FINAR	USD1,515	
20	Cold end unit	1			EY 125333	IFI	USD3,931	

(Note) Equipment no. 7, 8 and 9 were procured by JICA Uzbekistan Office directly.

### 2.1.5. Consignment of activities to local third parties

The following activities were facilitated by the local third parties (local consultants) under the consignment of the Project. From January 2019, SMEDNC directly conducted start-up training to secure more sustainability.

**Table 10. Contents and results of activities developed by consigned local third parties**

Period	Name of consignee	Contents
March 2017	Apricot Plus, Ltd.	Execution of start-up training using the Advanced OVOP method in Vayots-Dzor and Tavush regions
March 2017	Economic Research and Development Support Center	Execution of start-up training using the Advanced OVOP method in Lori and Syunik regions
May 2017	Business Support Network NGO	Execution of start-up training using the Advanced OVOP method for export-oriented entrepreneurs in Armarir and Ararat regions
November 2017	Business Support Network NGO	Execution of start-up training using the Advanced OVOP method for food processing entrepreneurs in seven regions
February 2018	ZAART, LLC.	Execution of pilot activities for local brand development in Lori region

### 2.1.6. Local operational costs covered by Japanese side

The local operational costs, including the expenses for purchasing the equipment listed above, were covered by the Japanese side. The costs, amounted to about 55 million Japanese yen, as noted below.

**Table 11. Local operational costs covered by Japanese side**

Period	Amount (JPY)
Actual expenditures for the first term (July 2016 to June 2017)	11,061,000
Estimated expenditures for the second term, as of April 2019 (August 2017 to July 2019)	27,000,000

### 2.1.7. Local operational cost covered by Armenian side

The SMEDNC provided the Project office and assigned counterpart personnel. In addition, the SMEDNC covered some part of the Project activities. It amounted to a total of USD 8,192 for ToT implementation, technical training for SMEs, participation in international trade fairs, and others (see Table 12).

**Table 12. Local operational costs covered by Armenian side**

Period	Amount (USD, approx.)
Actual expenditures in 2016	1,900
Actual expenditures in 2017	1,400
Actual expenditures in 2018	3,592
Expenditures in 2019 (planned)	1,300

Apart from the SMEDNC, other Armenian related institutions realized a cost-sharing program for participation in Tourism EXPO Japan 2018, as follows;

- Costs shared by the STC and ATDF: AMD 3,000,000
- Costs shared by private exhibitors: USD 7,100

In addition, the SMEDNC provided credit guarantees for loans disbursed from partner banks to businesses that participated in start-up training sessions organized by the Project that amounted to a total of AMD 128,481,100 (as of end of April 2019).

## 2.2. Project operational structure

The Project activities were developed by the Project team composed of both the Japanese and Armenian sides under the decision-making processes of the JCC, as described below.

### 2.2.1. Formation of the Project team

The Project team comprises both the Armenian and Japanese sides, as shown below (see Table 13).

**Table 13. Composition of Project Team**

Armenian side	Japanese side
<ul style="list-style-type: none"> <li>● Executive Director (Project Director)</li> <li>● Deputy Executive Director (Project Manager)</li> <li>● Head of Internationalization Programs Division (Project Manager)</li> <li>● Staff of SMEDNC Head Office</li> <li>● Staff of SMEDNC Regional Branch</li> </ul>	<ul style="list-style-type: none"> <li>● Chief Advisor / SME Development</li> <li>● Deputy Chief Advisor/ SME Administration</li> </ul> <p>&lt;1<sup>st</sup> term&gt;</p> <ul style="list-style-type: none"> <li>● SME Administration 2</li> <li>● Tourism Development (2 experts)</li> <li>● Export Promotion</li> <li>● Food packaging and safety standards / Project coordination</li> </ul> <p>&lt;2<sup>nd</sup> term&gt;</p> <ul style="list-style-type: none"> <li>● International marketing (2 experts)</li> <li>● Quality management/ Project coordination</li> </ul> <ul style="list-style-type: none"> <li>● Local Project Coordinator</li> </ul>

### 2.2.2. Joint Coordination Committee (JCC)

The JCC was established to facilitate inter-organizational coordination. It is to be held at least once a year and whenever deemed necessary. It also approves the annual work plan of the Project, reviews overall progress, monitors and evaluates the Project, and exchanges opinions on major issues that may arise during its implementation. Table 14 show the composition of the JCC.



**Table 14. Composition of the JCC**

Status		Member
Chairperson		First Deputy Minister, Ministry of Economic Development and Investment
Committee	Armenian side	Executive Director, Deputy Executive Director and Head of Internationalization Programs Department, SMEDNC
	Japanese side	JICA Uzbekistan Office, Project team
Observer		Embassy of Japan in Armenia, USAID, UNDP, GIZ and others

As of the end of April 2019, four (4) JCC meetings have been held, as seen in Table 15.

**Table 15. List of JCC meetings implemented**

No.	Date	Venue	Main agenda
1 <sup>st</sup>	26/08/2016	SMEDNC	<ul style="list-style-type: none"> <li>● Presentation of the Project framework, emphasizing the importance of continuous use of outputs produced in the Project Phase 1.</li> </ul>
2 <sup>nd</sup>	25/09/2017	SMEDNC	<ul style="list-style-type: none"> <li>● Presentation of the progress of the Project and plan of activities during the remaining period.</li> <li>● Amendment of the R/D (including PDM)</li> </ul>
3 <sup>rd</sup>	02/11/2018	SMEDNC	<ul style="list-style-type: none"> <li>● Presentation of the progress of the Project.</li> <li>● Presentation of activities to be developed to strengthen the sustainability of the Project.</li> </ul>
4 <sup>th</sup>	29/05/2019	Elite plaza meeting room	<ul style="list-style-type: none"> <li>● Elite plaza meeting room Presentation of the impacts generated by the Project.</li> <li>● Discussions on activities to be developed by SMEDNC after the completion of the Project.</li> </ul>

The 1<sup>st</sup> and 2<sup>nd</sup> JCC meetings were introduced by Armenian news (newspapers and web news).

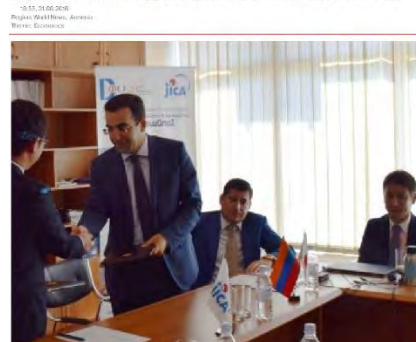


1<sup>st</sup> JCC meeting (August 2016)



2<sup>nd</sup> JCC meeting (September 2017)

Japan to continue supporting Armenian SMEs (PIIOTOS)



News about 1<sup>st</sup> JCC meeting



3<sup>rd</sup> JCC meeting (November 2018)

Table 16 in the following page shows list of participants of these JCC meetings.

**Table 16. List of participants in JCC meetings**

Name	Organization	Title
<b>2<sup>nd</sup> JCC meeting</b>		
<Armenian side>		
Mr. Levon Mnatsakanyan	SMEDNC	Executive Director
Mr. Karen Gevorgyan	SMEDNC	Deputy Executive Director
Ms. Lilit Apujanyan	SMEDNC	Head of International Cooperation Programs Division
<Japanese side >		
Mr. Katsutoshi Fushimi	JICA Uzbekistan Office	Chief Representative
Mr. Shun Omori	JICA Uzbekistan Office	Representative
Ms. Ruzan Khojikyanyan	JICA Liaison Office Armenia	Coordinator
Mr. Ryuji Seno	Project	Chief Advisor, JICA expert
Ms. Tamaki Tanaka	Project	JICA expert
Mr. Shinta Nishino	Project	JICA expert
Mr. Garnik Manukyan	Project	Local Project Coordinator
<Observer>		
Ms. Megumi Maekawa	Embassy of Japan in Armenia	Second Secretary
Mr. Aram Babayan	GIZ	Senior Expert
<b>3<sup>rd</sup> JCC meeting</b>		
<Armenian side>		
Mr. Arshak Grigoryan	SMEDNC	Executive Director
Mr. Karen Gevorgyan	SMEDNC	Deputy Executive Director
Ms. Lilit Apujanyan	SMEDNC	Head of International Cooperation Programs Division
Ms. Meri Karapetyan	SMEDNC	Head of Products Promotion and Internationalization Division
<Japanese side >		
Mr. Shun Omori	JICA Uzbekistan Office	Representative
Ms. Ruzan Khojikyanyan	JICA Liaison Office Armenia	Coordinator
Mr. Akihiro Tsukamoto	Project	Deputy Chief Advisor, JICA expert
Ms. Takako Mochizuki	Project	JICA expert
Mr. Garnik Manukyan	Project	Local Project Coordinator
<Observer>		
Ms. Megumi Maekawa	Embassy of Japan in Armenia	Second Secretary
Mr. Aram Babayan	GIZ	Senior Expert
Ms. Zaruhi Muradyan	Vine and Wine Foundation of Armenia	Executive Director
<b>4<sup>th</sup> JCC meeting</b>		
<Armenian side>		
Mr. Koryun Gevorgyan	Ministry of Economy	Head of SME Department
Mr. Arshak Grigoryan	SMEDNC	Executive Director
Mr. Karen Gevorgyan	SMEDNC	Deputy Director
Ms. Lilit Apujanyan	SMEDNC	Head of Internationalization Programs
Ms. Mary Karapetyan	SMEDNC	Fund Raising Expert
Ms. Ani Atanesyan	SMEDNC	Business Adviser
Ms. Diana Karapetyan	SMEDNC	Learning Programs Expert
Mr. Hakob Khudaverdyan	SMEDNC	Financial Expert
Mr. Artur Eloyan	SMEDNC	Monitoring Expert
Ms. Paytsar Gasparyan	SMEDNC	Chief Accountant
Ms. Mary Karapetyan	SMEDNC	Financial Expert
Ms. Ani Hakobyan	SMEDNC	Fund Raising Expert
<Japanese side >		
Mr. Shun Omori	JICA Uzbekistan Office	Representative
Mr. Davit Mgaloblishvili	JICA Georgia Office	Program Officer
Ms. Ruzan Khojikyanyan	JICA Armenia Liaison Office	Coordinator
Mr. Seno Ryuji	Project team	Director
Mr. Garnik Manukyan	Project team	Project Coordinator

<Observer>		
Ms. Megumi Maekawa	Embassy of Japan in Armenia	Second Secretary
Mr. Aram Babayan	GIZ	Program Expert
Ms. Anahit Voskanyan	State Tourism Committee	Officer
Ms. Ofelya Petrosyan	B&B development association	President
Ms. Alina Ghazaryan	B&B development association	Executive Director
Mr. Arkadya Khachikyan	IE Arkadya Khachikyan	Representative
Ms. Armine Asiryanyan	“ArPhytoPharm” LLC	Deputy Director
Mr. Armen Asiryanyan	“ArPhytoPharm” LLC	Director
Mr. Armen Khalatyan	“Old Bridge” LLC	Director
Ms. Ashken Sardaryan	“Old Bridge” LLC	Sales Manager

### 2.3. Project implementation process

The Project realized the activities, based on the PDM, to achieve its purpose by way of the following processes (see Figure 1);

- ① Development and update of training materials on the Advanced OVOP method (Output 1).
- ② Implementation of the ToT session to foster SMEDNC staff and BDS providers who support local SMEs (Output 1).
- ③ Application of the Advanced OVOP method to entrepreneurs through start-up training courses, as well as to local SMEs through technical trainings and pilot activities. Tourism products and services were also developed (Output 2).
- ④ Reinforcement of local SMEs in export promotion (Output 3).
- ⑤ Local tourism development through fostering local tourism businesses and participation in international tourism expo (Output 4).
- ⑥ Development of marketing platform which supports the marketing activities of local SMEs in domestic and international market (see Output 5).
- ⑦ Monitoring and evaluation of local SMEs and dissemination of good practices and lessons learned to other local SMEs (Output 6).

The Project systematised the above-mentioned activities so that the SMEDNC can continue sustainably after the Project is terminated in order to maintain local economic development (achievement of Overall Goal).

## 2.4. Project implementation schedule

Here shows the implementation schedule based on the Plan of Operation of the Project.

Activities	Year	2016				2017				2018				2019			
		I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV
<b>Common activities</b>																	
Conduct End line survey	Plan																
	Actual																
<b>Output 1: The technical capacity of SMEDNC experts and BDS (business development service) providers is further developed in terms of wide application of “Advanced” Armenian OVOP method.</b>																	
1-1. Upgrade of Armenian OVOP method.	Plan																
	Actual																
1-2. Planning of the ToT on Advance” Armenian OVOP method, adding new kaizen tools.	Plan																
	Actual																
1-3. Implement the ToT on Advanced Armenian OVOP method.	Plan																
	Actual																
<b>Output 2: The technical capacity of local SMEs and entrepreneurs is developed.</b>																	
2-1. Improvement of business management and products of local SMEs	Plan																
	Actual																
2-2. Implementation of the start-up training, incorporating Armenian OVOP method.	Plan																
	Actual																
2-3. Application of theAdvanced Armenian OVOP method for the growth of local SMEs.	Plan																
	Actual																
<b>Output 3: The export of Armenian local products is promoted for international markets, including Japanese European and/or</b>																	
3-1. Provision of technical assistance for SMEs for export promotion.	Plan																
	Actual																
3-2. Promotion of business matching between Armenian SMEs and the Japanese enterprises and	Plan																
	Actual																
3-3. Facilitation of the participation of the SMEs in international trade fairs.	Plan																
	Actual																
3-4. Participation in the training courses in Japan.	Plan																
	Actual																
<b>Output 4: Tourism in OVOP pilot area is promoted for both domestic and foreign tourists, including the Japanese tourists.</b>																	
4-1. Development of the tourism products	Plan																
	Actual																
4-2. Provision of technical assistance for local SMEs and entrepreneurs in the tourism sector	Plan																
	Actual																
4-3. Promotion of the Armenian tourism products to Japanese and/or European tourism agencies and	Plan																
	Actual																
<b>Output 5: Marketing platforms, including a roadside station, work for local business development.</b>																	
5-1. Reinforcement of the marketing platforms developed by the Project Phase I	Plan																
	Actual																
5-2. Development of the new marketing platform	Plan																
	Actual																
<b>Output 6: The project activities on Armenian OVOP movement are monitored, and the lessons learned from the activities are used for</b>																	
6-1. Monitoring of the project activities	Plan																
	Actual																
6-2. Development of the quarterly progress reports	Plan																
	Actual																
6-3. Application of the lessons learned from the project activities	Plan																
	Actual																

### 3. Project outputs and results

#### 3.1. Achievement of the Project purpose

##### 3.1.1. Achievement of the Project in each indicator

The purpose of the Project is the following: the Armenian OVOP movement promoted by the SMEDNC contributes to improving the competitiveness of local SMEs and entrepreneurs in both national and international markets, including the Japanese, European and/or neighbouring markets. Three (3) indicators have been set up to measure this achievement. By the end of 2018, these indicators have almost been achieved.

**Table 17. Results generated by the Project**

Indicators	Results generated
1. All of Armenian 10 regions (Marzer) have newly branded products.	<p>All 10 regions have newly branded products:</p> <ul style="list-style-type: none"> <li>● Tavush: Herbal tea</li> <li>● Lori: Vodka and foods, local tourism</li> <li>● Kotayk: Processed foods, local tourism</li> <li>● Armavir: Dried fruits</li> <li>● Ararat: Dried fruits</li> <li>● Vayots Dzor: Wine</li> <li>● Shirak: Honey, local tourism</li> <li>● Syunik: Cheese and dried fruits, local tourism</li> <li>● Gegharkunik: Organic foods linked with eco-tourism</li> <li>● Aragatsotn: Pure water source for agricultural and dairy products and tourism promotion.</li> </ul>
2. Positive changes such as the increase in sales, increased number of clients, increased employees, access to new markets and/or the other indicators are observed in at least 50 SME participants in Armenian OVOP movement.	<p>According to the end-line survey conducted in January to February 2019, the following effect has been confirmed;</p> <ul style="list-style-type: none"> <li>● 52 local SMEs among 106 SMEs which had been introduced to the Advanced OVOP method, improved their business operations because they had applied the method. Among them the following positive effects were observed;<sup>18</sup> <ul style="list-style-type: none"> <li>➢ 48.1 % of them (25 enterprises) increased number of clients.</li> <li>➢ 46.2% of them (24 enterprises) increased number of suppliers.</li> <li>➢ 25.0% of them (13 enterprises) increased number of employers.</li> <li>➢ 42.3% of them (22 enterprises) increased annual sales revenue more than 50%.</li> <li>➢ 26.9% of them (14 enterprises) increased annual profit more than 50%.</li> </ul> </li> </ul>
3. SMEDNC independently supports Armenian OVOP movement in all of 10 regions (Marzer) utilizing "Advanced " Armenian OVOP method, including seminar and/or training.	<ul style="list-style-type: none"> <li>● Several ToT sessions related to the Advanced OVOP method have been conducted. In all 10 regions, activities to strengthen the competitiveness of local SMEs have been realized by SMEDNC staff who participated in ToT.</li> </ul>

##### 3.1.2. Result of the end-line survey

The end-line survey was conducted between January and February 2019. The objective was to evaluate the effectiveness of the Advanced OVOP method as a tool to strengthen the competitiveness of local SMEs.

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The survey analyzed the impact generated by SMEDNC's four (4) activities, including (i) OVOP pilot activities,

<sup>18</sup> Among 106 SMEs, including enterprises which have not applied Armenian OVOP method but been introduced to, 35 enterprises increased number of clients, 33 enterprises increased number of suppliers, 17 enterprises increased number of employers, 26 enterprises increased annual sales revenue more than 50%, and 17 enterprises increased annual profit more than 50%.

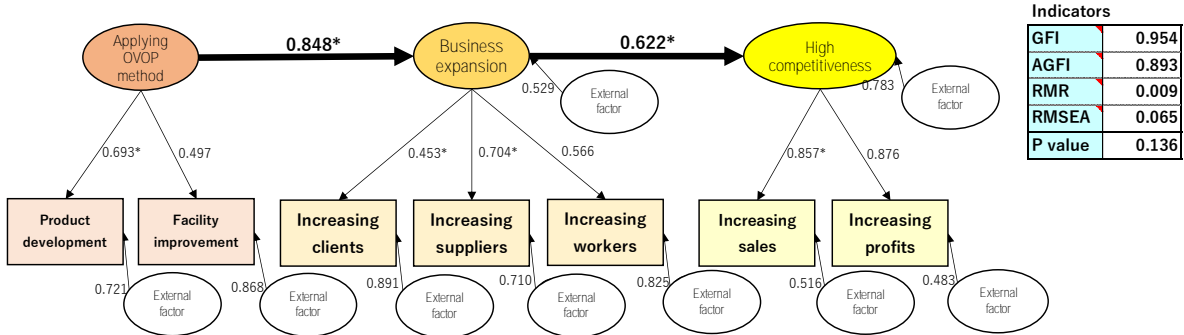
(ii) assistance for the participation in trade fairs, (iii) start-up trainings and (iv) tourism promotion. Through (i) OVOP pilot activities, Advanced OVOP method has been presented to 106 SMEs since November 2017. The survey found that 52 SMEs among them have applied the OVOP method to their business. The result of the survey is summarized as the Table 18, which presents that 22 SMEs increased the sales by more than 50% and 14 SMEs increased the profit by more than 50%, among these 52 businesses.

**Table 18. Result of the end-line survey**

No. of SMES	Food processing SMEs	Tourism related SMEs	Other SMEs	Total
Applied the OVOP method	30	10	12	52
Reinforced their marketing	23	4	8	35
Improved quantity and hygiene management	25	9	10	44
Increased the number of clients*	13	8	4	25
Increased the number of suppliers*	14	4	6	24
Increased the number of employees*	5	2	6	13
Increased sales by more than 50% from the previous year*	12	4	6	22
Increased profit by more than 50% from the previous year*	9	3	2	14

\*These figures were compared between the end of 2016 and 2018.

The Project analyzed the results on the Structural Equation Modelling (SEM)<sup>19</sup>. The strong causal relations between the application of the Advanced OVOP method and the business growth of local SMEs was confirmed<sup>20</sup>.



**Figure 15. Result of SME on end-line survey**

In comparison between 52 SMEs that applied the OVOP method to their business operations and 54 SMEs that did not, obviously, it is clear that those who did show more positive results. These include an increase in clients, suppliers, employees, sales revenue, and profit (see figure 16). It can be concluded that the OVOP method is effective in strengthening the competitiveness of local SMEs.

<sup>19</sup> This figure is called Multiple Indicator Model which judge a correlation between plural factors. Generally, the Goodness of Fit Index (GFI) and the Adjusted Goodness of Fit Index (AGFI) are determined to be high when the value is 0.9 or more.

<sup>20</sup> There is a possibility that other elements such as strong commitment of SMEs’ owners itself have contributed to improved business performance.

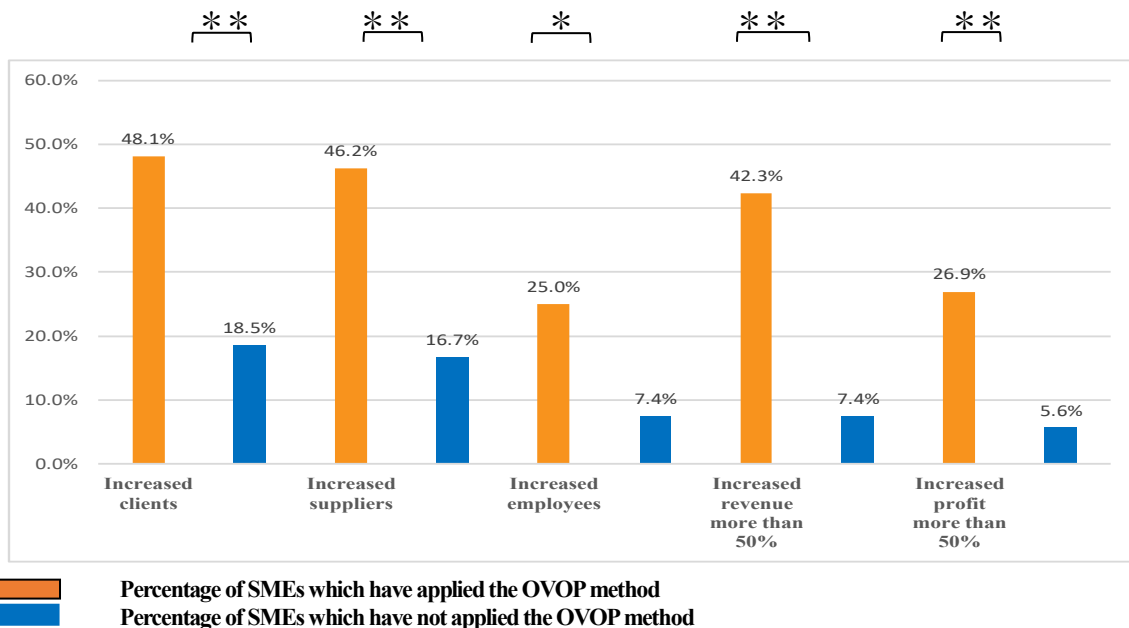


Figure 16. Percentage of enterprises which applied OVOP method and not applied

### 3.1.3. Publication of the Project activities and outputs

The Project and the Project Phase 1 were publicly introduced an effective tool in pursuit of local economic development in Armenia in following ways;

- (1) **Introduction of the Project at the press conference of the European Bank for Reconstruction and Development (EBRD):** In December 2017 the training course on Capital Markets Instruments for financial consultants was held in Yerevan through the Japan-EBRD cooperation fund. A press conference was held related to the training and the OVOP concept and the Project achievements were presented.
- (2) **Introduction of the thesis published by the Moscow School of Management SKOLKOVO Institute for Emerging Market Studies:** The Project, including the Project Phase 1, was introduced in case studies of a thesis entitled “Armenia 2030: Transforming the Development Landscape<sup>21</sup>”, issued by the SKOLKOVO Moscow School of Management.



One-Village One-Product (OVOP): Development with Technical Cooperation in 9 Regions of Armenia

Small and Medium Entrepreneurship Development National Center of Armenia (SME DNC)

<http://www.sme-dnc.am/en/home/>

**Slogan/Mission:** entrepreneurial opportunities for all  
**Sector:** entrepreneurship accelerator  
**Country of origin:** Armenia  
**Date of establishment:** 2002

**Entry into the Armenian market:** Established by a decree of the government of the Republic of Armenia in 2002, SME DNC became the country's first national structure to implement state support to small and medium enterprises and facilitate their dialogue with the government and other structures. SME DNC offers both technical and financial assistance to the Armenian SMEs. Between 2011 and 2015 over 55,000 Armenian SMEs have received financial and technical assistance from SME DNC<sup>14</sup>. SME DNC operates 11 regional branches.

**National leadership:** Levon Minatsakanyan, Executive Director; Karen Gevorgyan, Deputy Executive Director; Lilit Apuljanyan, Head of International Cooperation Programmes Division

**Project timeline:** 2015 - 2016 (Phase I)

**Budget:** JPY 225.4m<sup>15</sup>

**Partners:** Japan International Cooperation Agency (JICA) – sole donor, government of Armenia, USAID, UNDP, business support local organizations



OVOP method presented at the case studies in a thesis

<sup>21</sup> <https://iems.skolkovo.ru/en/iems/publications/research-reports/1385-2017-12-28/>

## **Colum : Capacity development of women’s business and women’s staff who support SMEs**

The Government of Japan has completed its National Action Plan to implement United Nations Security Council Resolution 1325- the first resolution connected to an agenda of women peace and security to promote the active participation of women at any decision-making process on mainstream gender issues.

Furthermore, SMEDNC commits to the promotion of female entrepreneurship and actively participates in the “Best Women Entrepreneur Award” under the auspices of the Prime Minister every year.

The Project fosters female entrepreneurship as well as the active involvement of female officers of the SMEDNC and the SMEs’ female consultants of BDS providers. They are involved in the following ways:

- The Project was shaped to reflect the opinion of female entrepreneurs who had participated in the Project Phase 1, as well as considering sex-disaggregated data and gender statistics.
- Start-up training includes business areas in which female entrepreneurs can easily participate, such as B&B, restaurants, etc.
- Among the 430 entrepreneurs who were beneficiaries of the Project and the Phase 1, 220 were female.
- The Project also fosters women who support entrepreneurs, such as SME consultants and SMEDNC officers. Among the 56 participants in the ToT sessions implemented by the Project, 34 are female.
- Among 50 participants of training in Japan and third countries, 24 are women.
- Good practices: In Ar Phyto Pharm LLC (a company which produces and sells herbal teas), the Director of the Company used to make every decision on behalf of the company management. His daughter, the Deputy Director, could not participate in any decision-making process. However, through her participation in the Project activities, she has accumulated sufficient and innovative knowledge and ideas, which has allowed her to be involved in management. Her ideas have been adopted in a wide range of business managements, including the improvement of packaging materials and designs, brand names, development of the English website, and improvements of hygiene management, etc.etc. The company was selected as one of model SMEs and exhibited their products in FHA 2018 (see 3.3.2 and 3.4.2).

(Note) All figures as of end of April 2019



Presentation of business plan of B&B by a female entrepreneur



Female consultants trained in a ToT session



A female entrepreneur who studied Thai market



### 3.2. Activities and results related to Output 1

Output 1 is defined as “The technical capacity of SMEDNC experts and BDS providers is further developed in terms of wide application of the Advanced Armenian OVOP method.” To measure the achievement of this output, two (2) indicators are defined. These indicators were achieved.

**Table 19. Achievement on indicators for Output 1**

<b>Indicators</b>	<b>Achievement confirmed by the end of the year 2018</b>
1-1. At least 10 SMEDNC staff members and 10 BDS providers apply “Advanced” Armenian OVOP method in their works for SME development.	<ul style="list-style-type: none"><li>• 21 SMEDNC staff and 24 BDS providers (SME management consultants) participated in the ToT sessions on the Advanced OVOP methods. Participants of the SMEDNC passed on their learning onto other staff.</li><li>• These 24 BDS providers are capable of providing business advice to SMEs by using the Advanced OVOP method.</li><li>• Among SMEDNC participants, 11 can completely use the method.</li></ul>
1-2. New textbooks on “Advanced” Armenian OVOP method are published by June 2017.	<ul style="list-style-type: none"><li>• Most training materials were developed during the first term. In the second term, supplementary training materials including video materials on food sanitation have also been added.</li><li>• These teaching materials were finalized and printed out from December 2018 onward, and shall be used for local SMEs promotion (Before printing was completed, training was provided by photocopied hand-outs and soft-copies).</li></ul>

The detailed activities are described below.

#### 3.2.1. The systematization of Advanced OVOP method

The Advanced OVOP method is an instrument for local SMEs to strengthen their competitiveness in domestic and foreign markets based on the Armenian OVOP concept (Figure 4). This method was created in the Project Phase 1 and was reorganized during the Project by adding the component necessary for effective export promotion to the international market.

This method comprises two main pillars: (1) methods for entrepreneurs and micro enterprises and (2) methods for export-oriented SMEs that are focused on 2 fields; (i) marketing and (ii) quality control.

This method was systematized during the first term of the Project and has already been utilized through ToT sessions and pilot activities (described later).

#### 3.2.2. Development of training materials and manuals on the Advanced OVOP method

During the first term, training materials in both English and Armenian were developed. Subsequently, supplementary materials such as video materials related to food sanitation were prepared. Table 20 lists the teaching materials related to the Advanced OVOP method.

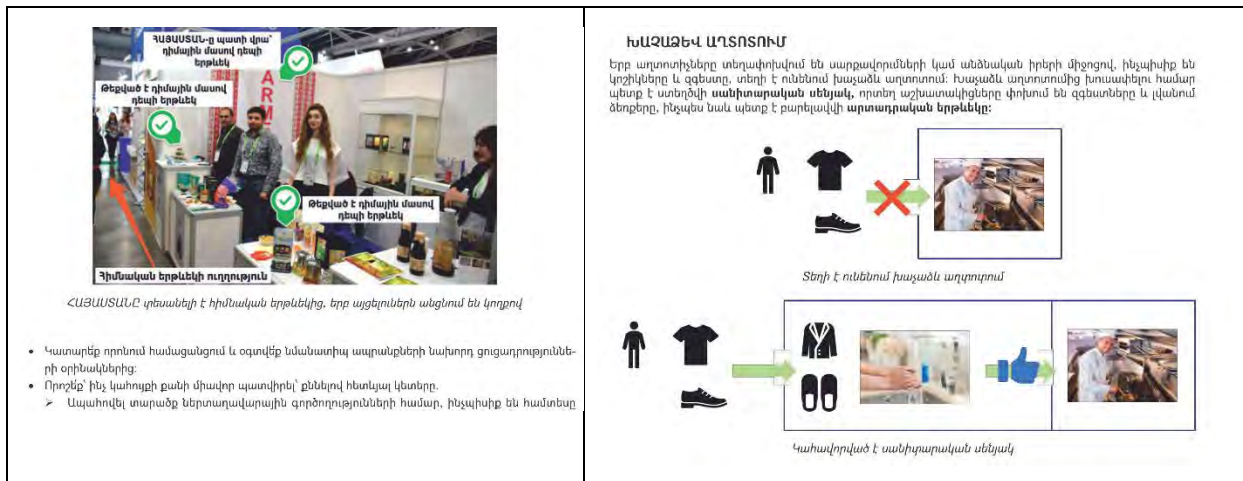
These materials (in Armenian) were printed out and handed out to local SMEs in the SMEDNC Head Office and regional branches.

Digital version of these materials, including OVOP success stories are provided on the SMEDNC website (the following URL).

[https://www.smednc.am/am/content/business\\_guidelines/](https://www.smednc.am/am/content/business_guidelines/)

**Table 20. List of materials regarding on the Advanced OVOP method**

Title and contents of the material	Target audience	Relevance to SMEs
<b><u>Guidebook for entrepreneurs and micro businesses</u></b>		
<p>(1) Guidance to develop your unique brand story to attract your target segment</p> <p>(2) Comprehensive Kaizen Tool Kit to conduct basic hygiene management</p>	<p>Business owners who are:</p> <ul style="list-style-type: none"> <li>- Thinking about starting a new business.</li> <li>- Seeking basic skills and knowledge to improve their business.</li> </ul>	<p>This material enables business owners to; 1) develop a very basic brand story telling tool for better sales communications without conducting market research and 2) acquire basic hygiene management for better quality control. All concepts are applicable to any businesses.</p>
<b><u>Guidebook for export-oriented SMEs</u></b>		
<p>(1) Introduction to the primary steps of implementing efficient and effective quality management (Kaizen, TQM, Q7)</p> <p>(2) Useful knowledge about packaging to improve package functions, hygiene levels, appearances, and labeling.</p> <p>(3) Step-by-step practical and feasible tips to develop and execute an international marketing strategy</p>	<p>Business owners who are:</p> <ul style="list-style-type: none"> <li>- Thinking about expanding their businesses beyond local markets.</li> <li>- Thinking about expanding export beyond CIS countries.</li> <li>-Targeting foreigners /tourists in Armenia</li> </ul>	<p>(1) This part helps to improve the day-to-day business operations without major funding. The principles are applicable regardless of the industry.</p> <p>(2) This part focuses on how packaging affects the quality of F&amp;B products, as well as importance of labeling.</p> <p>(3) This part aims to change business owners' mind-sets to provide products/services according to customers' requirements and competitive situations.</p>
<b><u>Guidebook for local tourism promotion</u></b>		
<p>A holistic approach and tips to attract tourists</p> <ul style="list-style-type: none"> <li>- Demand and supply sides of tourism products and services</li> <li>- Hospitality service quality</li> <li>- Promotion and communication</li> </ul>	<p>Business owners who are:</p> <ul style="list-style-type: none"> <li>- Targeting tourists with their tourism service businesses</li> <li>- Seeking ideas to reflect the uniqueness of Armenia</li> </ul>	<p>This material primarily targets tourism service providers such as B&amp;Bs; however, as the tool helps business owners to understand inbound tourists better, the principles introduced are applicable to all businesses who want to attract tourists.</p>
<b><u>Guidebook for food hygiene management</u></b>		
<p>Guidance to improve basic hygiene management for business who aim at international standards of hygiene standard and quality level</p>	<p>All food related business (such as food and beverage producers, hotels, and B&amp;B) in Armenia</p>	<p>This material enables business owners to understand basic hygiene management in five (5) critical areas and comply with a hygiene management standard that required in most developed markets without major financial investments.</p>
<b><u>Guidebook for international trade fair participation</u></b>		
<p>Step-by-step knowledge and useful tips for effective participation in international trade fair</p>	<p>Business owners who are already familiar with the Advanced OVOP Methods for Potential Exporters and are ready to participate in an international trade fair.</p>	<p>This material is applicable to business owners in all industries, although examples introduced in the guidebook are mostly for food and beverage businesses.</p>
<b><u>Technical guidebook for international trade fair</u></b>		
<p>Description of necessary steps to organize a participation in an international trade fair and to attain their expected achievement</p>	<p>Officers in institutions such as the SMEDNC who support exhibitors (SMEs) in an international trade fair</p>	<p>This material describes a series of necessary steps and required supports for exhibitors for effective participation.</p>
<b><u>Guidebook on HACCP management</u></b>		
<p>Introduction to the HACCP concept and guidance on higher level hygiene management to meet the quality standard of the HACCP for international markets and distributors</p>	<p>All food related businesses in Armenia. Particularly, business owners who wish to export.</p>	<p>Armenian government requires all food related businesses to apply to a HACCP-based system. Food related businesses including food and beverage producers, hotels and B&amp;Bs are highly recommended to introduce the contents of this course.</p>



**Example of materials related to Advanced OVOP method (printed in Armenian language)**

The Project also developed complementary video materials to enhance audiences’ understanding of each theme (Table 21). Video materials for food hygiene were developed with FSIB.

**Table 21. List of complementary video materials of Advanced OVOP method**

Title and contents of material	Target audience	Relevance to SMEs
<b>Video material for international trade fairs</b>		
This material was developed based on the experience of participating in FOODEX Japan 2018	Business owners who are already familiar with Advanced OVOP Methods for Potential Exporters and ready to participate in an international trade fair	These videos shall be used as complementary training materials on international trade fair participation.
<b>Video materials for food hygiene</b>		
A series of materials comprise six (6) videos; (1) Principles and 5S (2) Facility (3) Personal hygiene (4) Pest control (5) Water (6) Waste control	All food-related business in Armenia. Particularly, business owners who wish to export.	These videos shall be used as complementary training materials on food hygiene and the HACCP.



**Video materials on international trade fairs**



**Video materials on food hygiene**

In addition, the Project elaborated other materials related to the Project activities for training and promotion (see Table 22). Embassy of Armenia in Japan collaborated for development of leaflet “Gems of the Republic of Armenia”.

**Table 22. List of other materials**

Title and contents of material	Target audience	Relevance to SMEs
<b><u>OVOP Success stories</u></b>		
A compilation of the experiences of five local SMEs that learned the Advanced OVOP method and participated in international trade fairs in Japan or Singapore, with improved products, packaging, labelling and communication skills with potential buyers.	Business owners who want to improve their products, and business operations and who wish to sell their products in the international market.	This material shall be used to explain how the Advanced OVOP method is useful in strengthening their competitiveness, with visible results and testimonies from SME owners.
<b><u>Guideline for effective operation of Road Side Station</u></b>		
A presentation on the definition and role of RSS and experiences in Japan, as well as an explanation of strategy used for effective and sustainable operations.	Institution such as the SMEDNC which coordinate and support RSS and designated operators.	This material provides guideline on how local SMEs are expected to exhibit and sell unique local products or tourism service providers (such as B&Bs, restaurants, local tour organizers) that are expected to provide information there.
<b><u>Guidebook for implementation of food business</u></b>		
A description of requirements and sources of information in each step of the food business implementation.	All food-related business in Armenia.	These videos shall be used as complementary training materials for business start-ups and food hygiene.
<b><u>Gems of the Republic of Armenia</u></b>		
A leaflet developed in English and Japanese which presents typical local Armenian products.	Particularly for foreigners who are interested in Armenia.	This material shall be used in international trade fairs or displayed in Armenian embassies to attract foreigners.
<b><u>Hospitable Armenia</u></b>		
A guidebook of 39 B&Bs in Armenia. This material is developed with the Association for Development of Armenian B&Bs.	Business owners who wish to open a B&B to learn how to promote accommodation and stand out among other B&Bs. In addition, such institutions in charge of local SME development and tourism promotion shall be utilised effectively to enhance beneficiaries.	This material shall be used by institutions such as the SMEDNC and the STC, tourism information centres, tour operators, or Armenian embassies.
<b><u>Armenia-explore the country of unforgettable emotions</u></b>		
A tourism guidebook in Japanese that is developed for Japanese tourists, based on the guidebook developed by the STC.	Japanese tourists, in addition to tour operators and agencies that wish to increase the number of inbound visitors from Japan.	This material shall be utilised to provide detailed information for Japanese visitors to promote local tourism. Related institutions such as the STC and the Armenian embassies can develop a tourism guidebook with adjustments for the needs and preferences of each group.

**ՄԱՆԴԻ ԳԻՏՈՒՄ**

**Նախկինում**



Արտադրամասի տարածքը աղտոտված էր:

**Այժմ**



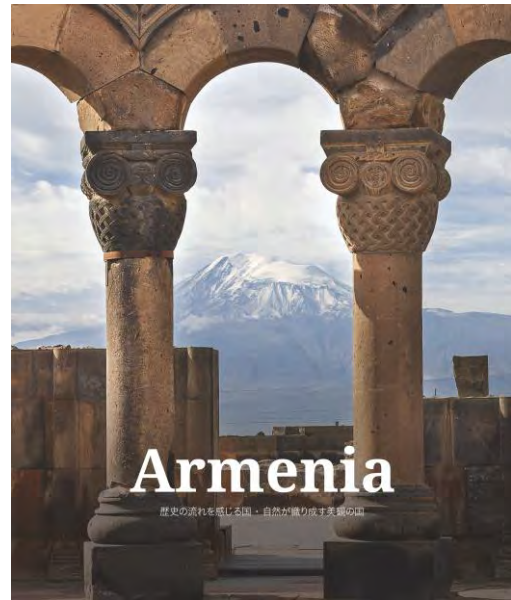
Արտադրամասի տարածքը կարգի բերվեց՝ համապատասխանեցնելով հիգիենայի տարրական պահանջերին:

**ՄԻՋԱԶԳԱՅԻՆ ՑՈՒՑԱՅԱՆՆԵՐԻ ՓՈՐՁ**

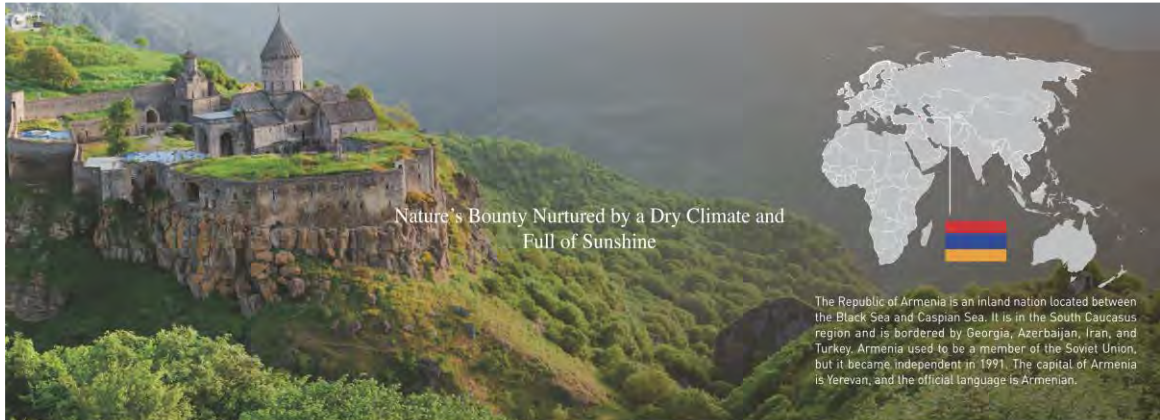
**Ի՞նչ տվեց դասընթացը**

«Սաթենի» ապրանքանիշի ներկայացուցիչը ցուցահանդեսին նախապատրաստվելու դասընթացի շնորհիվ սովորեց ճշգրիտ ասիմանել իր արտադրանքի արտահանման մեծածախ գինը, պատվերի նվազագույն քանակը, ստացավ անհրաժեշտ տեղեկություններ բանակցությունները և լոգիստիկ պայմանավորվածությունները դյուրացնելու և պլանավորվող շահույթի մակարդակը ավելացնելու մասին:

**OVOP success stories**



**Armenia-explore the country of unforgettable emotions**



Nature's Bounty Nurtured by a Dry Climate and Full of Sunshine

The Republic of Armenia is an inland nation located between the Black Sea and Caspian Sea. It is in the South Caucasus region and is bordered by Georgia, Azerbaijan, Iran, and Turkey. Armenia used to be a member of the Soviet Union, but it became independent in 1991. The capital of Armenia is Yerevan, and the official language is Armenian.



Vodka

Vodka has been very popular in Armenia, because of the abundance of fruit, which is a natural ingredient of vodka. It has been very common among the locals to make traditional vodka, such as mulberry vodka and apricot vodka, in their own homes. As vodka is made from fruit, it has a tender taste and a nice berry flavor. It is believed that consumption of small amount of vodka enhances the heart and metabolism. It is so common for Armenians to drink vodka that the word "hangover" does not exist in the Armenian dictionary.



Brandy

Armenian brandy is famous for its high quality and unique taste. It has been reported that the former British Prime Minister, Winston Churchill, liked an Armenian brandy so much that he had it shipped until the end of his days. One of the famous Armenian brandies, "Ararat," has been made from grapes and natural spring water at the base of Mount Ararat since ancient times.



Compote

Compote, a traditional homemade dessert, is made by adding fruit to boiled syrup, then cooling the mixture. It was created for preserving fruit in Armenia, where an abundance of fruit is grown. Compote is usually served as a drink, though sometimes it is served with cake or ice cream so that the original flavor and texture of fruit can be enjoyed. Various types of compote include sea buckthorn, famous as an ingredient for beauty care, fig, pear, cherry, apricot, and berries.



Dried Fruit

Would you like to try dried apricots from their origin? The scientific name of apricot, "Prunus armeniaca," is derived from Armenia, because it is considered as the country of origin. It is said that apricots have been growing in Armenia since 6000 B.C. As apricots spoil easily, preservation via dehydration was developed. In fact, there is a variety of exotic dried fruit, such as dried pear and dried persimmon in Armenia.



Wine

As mentioned previously, Armenia is known as the birthplace of wine. Wine was exported from Armenia to Mesopotamia, North Africa, France, and Spain in ancient times. According to a legend, wine development in the Armenian valley goes back to biblical times. After Noah's Ark landed on the sacred Mount Ararat, the first wine was planted on its slopes. "Areni Noir," one of the oldest grape varieties, is famous for its freshness and fruity flavor.



Herbal Tea

Wild Armenian herbs are picked in the Armenian Highlands, the birthplace of wine. Wine was exported from Armenia to Mesopotamia, North Africa, and Spain in ancient times. According to a legend, wine development in the Armenian valley goes back to biblical times. After Noah's Ark landed on the sacred Mount Ararat, the first wine was planted on its slopes. "Areni Noir," one of the oldest grape varieties, is famous for its freshness and fruity flavor. Particularly, herbal tea has been served whenever people gather at a table, and it has been used for medicinal purposes as well. Even today, tea leaves are typically hand-picked. Aromatic Armenian herbal tea may evoke a sense of nostalgia, reminding one of Armenia's complex history, where various civilizations rose and fell.



Armenian Lace

Armenia's world-famous needle lace is a type of lace which uses only a needle and thread. The history of Armenian lace is said to trace back to the time before Christ (B.C). Various patterns have been designed to reflect influences from both the East and the West. The lace is made by tying knots and creating many small loops to construct beautiful designs.

**Gems of the Republic of Armenia**

### 3.2.3. Implementation of ToT on Armenian Advanced OVOP method

The Project has implemented ToT in the Armenian Advanced OVOP method with the aforementioned contents, as shown below:

- (1) ToT sessions on basic contents for entrepreneurs and micro businesses (November 2016);
- (2) ToT sessions for export-oriented SMEs and tourism service providers (March 2017);
- (3) Tot sessions on preparation in international trade fairs and selection of exhibitors (October 2017);
- (4) ToT sessions for SMEDNC regional branch office staff (September 2018); and
- (5) ToT sessions for SMEDNC head office staff (November 2018); and
- (6) ToT sessions conducted by FSIB for SMEDNC regional branch office staff on food hygiene management (April 2019).

As shown in the Table 23, 56 net trainers participated in the ToT sessions on the Advanced OVOP method.

**Table 23. Number of ToT participants**

	<b>SMEDNC</b>	<b>BDS providers</b>	<b>Pilot SMEs</b>	<b>Total</b>
(1) ToT on basic contents	3	17	0	20
(2) ToT for export-oriented SMEs	1	11	0	12
(3) ToT on preparation in trade fairs	5	2	11	18
(4) ToT for regional branch office	10	0	0	10
(5) ToT for Head Office	7	0	0	7
(6) ToT for regional branch office	10	0	0	10
Total participants	36	30	11	77
Particioants in several sessions	15	6	0	21
Net participants	21	24	11	56

### 3.3. Activities and results related to the Output 2

Output 2 is defined as “The technical capacity of local SMEs and entrepreneurs is developed.” To measure the achievement of this output, three (3) indicators are defined, which were achieved by the end of the Project.

**Table 24. Achievement on indicators for Output 2**

Indicators	Achievement confirmed by the end of the year 2018
2-1. At least 200 entrepreneurs (20 persons x 10 regions) are newly trained in start-up trainings incorporating basic Armenian OVOP method, by the end of 2018.	<ul style="list-style-type: none"> <li>● 160 entrepreneurs participated in the start-up training sessions organised by the Project.</li> <li>● In addition, 640 entrepreneurs learned the Advanced OVOP method in the training sessions organised by the SMEDNC and financed by other donors.</li> <li>● As a consequence, 800 entrepreneurs learnt the Armenian OVOP method.</li> </ul>
2-2. At least 80 start-ups are operating actively by the end of 2018	<ul style="list-style-type: none"> <li>● Among 103 entrepreneurs who participated in the start-up training sessions organised by the Project by the end of 2018, 36 inaugurated businesses are operating. In addition, 147 who learned the method in the training session financed by other donors also started their business. In total, 183 businesses were inaugurated.</li> <li>● Among the 57 who participated in the start-up training sessions organised by the Project in 2019, 25 businesses were confirmed to be receiving start-up loans with credit guarantees by SMEDNC. Thus, in total 208 businesses will be in operation.</li> </ul>
2-3. At least 50 SMEs think that they are applying Advanced OVOP method in their business.	<ul style="list-style-type: none"> <li>● 134 businesses have applied the Advanced OVOP method to strengthen their businesses (by the end of April 2019).               <ul style="list-style-type: none"> <li>➢ 52 local SMEs.</li> <li>➢ 77 SMEs that participated in international trade fairs by utilising the Advanced OVOP method.</li> <li>➢ 5 Armenian tour operators that participated in Tourism EXPO Japan 2018.</li> </ul> </li> </ul>

#### 3.3.1. Implementation of start-up training

Start-up training sessions are conducted in order to encourage entrepreneurship by taking advantage of local resources and characteristics based on the OVOP concept. During the Project period, 160 entrepreneurs in all 10 regions participated in start-up training sessions (see Table 25).

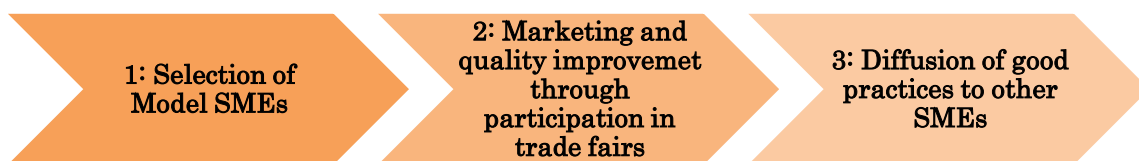
**Table 25. Outline of start-up training sessions organized by the Project**

Region	Site	Period	Number of participants	Implementing agency	Outline
Vayots Dzor	Areni	2017/4/3-5/22	16	Apricot Plus, Ltd.	Wine tourism promotion
Tavush	Dilijan	2017/3/27 -5/15	20		Local tourism promotion in potential areas
Lori	Stepanavan	2017/3/31-5/22	17	Economic Research and Development Support Center	Local tourism promotion in the area near RSS location
Syunik	Meghri	2017/3/31-5/22	16		Local production and local tourism development
Armavir & Ararat	Several sites	2017/5/22-5/31	22	Business Support Network	Export-oriented entrepreneurship promotion
Seven regions <sup>22</sup>		2017/11/13-12/15	12	Business Support Network	Food safety management training for entrepreneurs
Vayots Dzor	Vayk	2019/1/31-3/6	15	SMEDNC	Local production and local tourism development
Aragatsotn	Aparan	2019/1/30-3/7	12		
Kotayk	Charentsavan	2019/2/6-3/11	16		
Shirak	Gyumri	2019/2/5-3/5	14		

The Advanced OVOP method has been utilised not only in the start-up training sessions supported by the Project but also in those supported by other donors. By the end of the Project, 800<sup>23</sup> entrepreneurs had participated in the start-up training sessions based on the OVOP concept.

### 3.3.2. Pilot activities for strengthening the competitiveness of local SMEs

Pilot activities to strengthen the competitiveness of local SMEs were implemented from November 2017 to mid-2018 based on the results of the ToT sessions. The process chart in Figure 17 shows how the activities were conducted.



**Figure 17. Flow chart of Pilot activities**

This pilot project intends to improve the management of nine (9) local SMEs (Table 26) and spread those good practices to other SMEs. They were selected through the ToT sessions (see 3.2.3). Subsequently, SMEDNC officials and management consultants of BDS providers who had mastered the OVOP method provided training for and coaching to those model SMEs in order to improve their products, products packaging and labelling, manufacturing facilities and processes, and marketing materials. Japanese experts also accompanied them to

<sup>22</sup> Ararat, Armavir, Gegharkunik, Tavush, Syunik, Lori and Shirak

<sup>23</sup> In addition to 160 participants in Table 25, 640 participated in the training program supported by other donors and learned the Advance OVOP method.



improve the capacities of the SMEDNC officials and management consultants.

**Table 26. List of model SMEs**

Name of SMEs	Location (region)	Products
Agrar Armavir LLC	Armavir	Bottle food
PE Arkadya Khachikyan	Armavir	Dried fruits
VilFood LLC	Kotayk	Bottled food
PE Harutyun Zakaryan	Lori	Honey
Rozfrud LLC	Lori	Compote
Ecovek LLC	Lori	Pine-cone products
Old Bridge LLC	Vayots Dzor	Wine
Vayk Group CJSC	Vayots Dzor	Wine
Ar Phyto Pharm LLC	Tavush	Herbal tea

Next, principle improvement obtained in some companies by pilot activities are described.

**(1) Improvement of Rozfrud LLC (Lori region)**

This company produces and sells local fruit drinks such as pomegranate, and feijoa, among others. The main sales destination has been Russia. Annual sales are about AMD 400 million and 70 workers are employed during peak season. This company was selected as a model SME because of their strong willingness for growth and contribution to the local economy and employment creation.

By applying the Advanced OVOP method under the coaching and advisement of SMEDNC officials and BDS providers, the company improved its product packaging to be more attractive even in competitive foreign markets.

In addition, facility improvement has been put in place for better hygiene management. Before applying the Advanced OVOP method, there was no separation between clean and general areas in their processing facility, which resulted in lack of food hygiene. To penetrate into more developed markets, the company renovated its internal control system of food hygiene, including employee education, and expanded its factory with clear distinction of clean areas with separate doors.

With the application of the Advanced OVOP method, the company increased the proportion between the production and sale of high-quality products. Improvements in the company's manufacturing processes are shown in the table 27. In actual fact, the company is on its way to obtaining the certification ISO 22000 (regarding food safety management systems) for their effort.

**Table 27. Improvement realized at Rozfrud LLC**

	<b>Before improvement</b>	<b>After improvement</b>
Product labelling	<p>Use of a label that lacks appeal for consumers</p> 	<p>Labelled and tagged with a clear differentiation between the products.</p> 
Hygiene management	<p>Without a separation between clean and general areas.</p> 	<p>A clear separation between clean and general areas.</p> 
	<p>No control of indoor air quality and humidity due to the lack of a ventilation system.</p> 	<p>Installation of a ventilation system for a clean facility.</p> 
	<p>No in-house protocols on hygiene control</p> 	<p>Introduction of 5S and a work wear changing room</p> 

## (2) Improvement of PE (Private Entrepreneur) Arkadya Khachikyan (Armavir region)

This business produces and sells dried fruits, such as peaches, apricots, plums, etc. The annual sales are around AMD 90 million. The business hires around 10 employees during peak season and their products are sold at a duty-free shop in the Yerevan airport. The business was selected as a model SME because of its status as a leading local business with a strong willingness for growth.

Our product is produced in village Yervandashat - the capital of Armenia in the 3rd century BC, named after King Yervand. As proved by archaeological excavations, he was served with the finest dried fruits grown and produced in these areas from the ancient times.

We have been growing fruits since 1994 but everything dates back to 1910s, when my great grandfather started planting his own gardens. Grown in Ararat Valley, our fruits experience abundant sunshine and dry climate of Armenian highlands - an ideal environment to grow these delicious fruits.

The logo of the brand is the image of the goddess of fertility of the 3rd century B.C. This stela stands on the territory of Yervandashat and is the symbol of our village.



Promotional material for the business








Products sold at a duty-free shop in the Yerevan airport

The business has improved their hygiene control and packaging as part of its pilot activities in order to respond to the standards of the international market. After the improvements had been made, the business exhibited its products at FOOD EX JAPAN 2018 as part of the activities of the training course in Japan in March 2018.

Bringing together all that they have learnt from the training sessions, Arkadya is planning the following improvements and expansions:

- ① Begin construction in 2020 in order to improve facilities that will avoid cross-contamination and enhance floor hygiene.
- ② Enhance sales of the agricultural cooperative that Arkadya represents as President. The goal is to sell all 36 members' products by the expansion of their sales channel. A meeting with United Arab Emirates regarding exportation from the cooperative has already been planned.
- ③ Improve the product packaging in order to enhance their brand identity by applying the ideas they have obtained from a green tea package that was acquired in Japan.

**Table 28. Improvement at PE Arkadya Khachikyan**

	<b>Before improvement</b>	<b>After improvement</b>
<b>Packaging</b>	<p>A simple description only in Russian</p> 	<p>A detailed description in English. Use of packaging with a high-quality seal.</p> 
<b>Hygiene management</b>	<p>Waste materials had been left on the floor of the factory that risked a health hazard.</p> 	<p>By thoroughly re-organising the factory, product safety has been increased.</p>  <p>A “No Smoking” sign has been added onto the door to the production facility.</p> 

**(3) Improvement of Old Bridge LLC (Vayots Dzor region)**

This company produces around 10,000 bottles of wine per year. The company was selected as a model SME for the following reasons:

- ① Their intention to produce high-quality wine at an international level.
- ② The company created the brand by using a local legend (the name of the company is derived from the name of the bridge that Marco Polo had crossed).
- ③ The company operates in the world’s oldest wine production area.

The company intended to improve its products and hygiene management (see Table 29).

Through training in Japan in March 2018, the company participated in FOOD EX JAPAN 2018 and attracted the attention of Japanese mass media.



**Red wine highly appreciated from restaurant owners in Japan and UK**


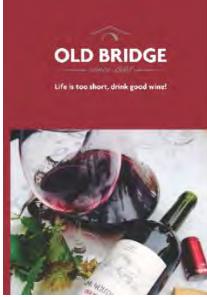







**The bridge, origin of the company's name  
(It is said that Marco Polo had crossed)**

Through these improvements, the company acquired new contracts for exports to Czech, Germany and the United States. Japanese buyers also ordered product samples to consider a contract with the company. In addition, the company revised its pricing strategy to increase the selling price by 20%.

They recognized the value of our training in 1) the unique selection process of beneficiaries, where participants' learning levels in the initial in-class training determined who would proceed to expo trips, 2) practical hygiene management knowledge including 5S and food sanitation management, 3) marketing communication and product development skills including the importance of packaging, and 4) expo skills with products and production presentation sheet.

**Table 29. Improvements in Old Bridge LLC**




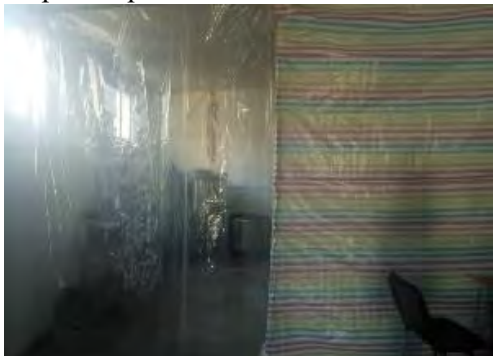
	<b>Before improvement</b>	<b>After improvement</b>																																																							
<b>Product promotion</b>	<p>Incompatible with the company's brand image.</p> 	<p>Compatible with the brand image with the addition of an explanation of the legend of the bridge.</p>  <p><small>© "OLD BRIDGE" is a wine company founded in 1993 in Yeghghar, the ancient wine region of Armenia. The bridge is a symbol of our winemaking tradition and our commitment to quality. We are proud to be part of the Yeghghar wine region, which is known for its unique climate and soil conditions. The bridge is a symbol of our winemaking tradition and our commitment to quality. We are proud to be part of the Yeghghar wine region, which is known for its unique climate and soil conditions.</small></p>																																																							
	<p>Lack of compiled documents to present products to professional buyers.</p> <p style="text-align: center; font-size: 2em;">N/A</p>	<p>Development and continuous use of a product and production presentation sheet.</p> <p>■ <b>Product Profile / Terms and Conditions</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">Name of Product</td> <td colspan="3">Dry red reserved wine "Old Bridge" 2013; 2014; 2015</td> </tr> <tr> <td>JAN Code</td> <td>4/850003/950019/</td> <td rowspan="2">Package</td> <td>Material</td> <td>Glass bottles</td> </tr> <tr> <td>Use by date</td> <td>N/A</td> <td>Size/ Inner Capacity</td> <td>Length(cm)X Width(cm) X Height (cm) 750ml</td> </tr> <tr> <td>Minimum Order Quantity</td> <td>2400 bottles</td> <td rowspan="2">Packing</td> <td>Material</td> <td>box</td> </tr> <tr> <td>Lead Time</td> <td>2-3 month</td> <td>Size/ Gross Weight</td> <td>Length(cm)X Width(cm) X Height (cm) 31.5     25.5     19.0     9.52</td> </tr> <tr> <td>Storage Condition</td> <td> <input checked="" type="checkbox"/> Normal Temperature  <input type="checkbox"/> Refrigeration  <input type="checkbox"/> Frozen                 </td> <td>Reference Price</td> <td> <input type="checkbox"/> FOB    <input type="checkbox"/> CIF                      depends on negotiations                 </td> <td>Prices valid before Price in market</td> </tr> <tr> <td>Certifications (Products/ System)</td> <td colspan="4">VI-1 Certificate for the importation into the European Community</td> </tr> </table> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <thead> <tr> <th style="width: 25%;">Ingredients and Additives</th> <th style="width: 25%;">The Place of Origin</th> <th style="width: 25%;">Nutritional Facts</th> <th style="width: 25%;">Ingredient Amount (Eg. X calories/100g)</th> </tr> </thead> <tbody> <tr> <td>Areni Noir grapes</td> <td>Armenia</td> <td>Total calories, including:</td> <td>397.3 Kcal/l</td> </tr> <tr> <td>MERIT Pure Saccharomyces cerevisiae</td> <td>Denmark</td> <td>Protein</td> <td>0.2 g/l</td> </tr> <tr> <td>Viniflore Oneos Freeze-dried Oenococcus oeni</td> <td>Denmark</td> <td>Fat</td> <td>0.0 g/l</td> </tr> <tr> <td>Sulphur Dioxide SO2</td> <td>Germany</td> <td>Carbs</td> <td>2.0 g/l</td> </tr> <tr> <td></td> <td></td> <td>Sulphur Dioxide:</td> <td>&lt; 100 mg/l</td> </tr> </tbody> </table> <p><b>Product Characteristics</b></p> <ul style="list-style-type: none"> <li>Premium red dry reserved wine made of Areni Noir, the signature red grape of Armenia with 6000 year history.</li> <li>Exquisite taste reminding a bouquet of sour cherry, herb, spice and grassy flavors.</li> <li>Oak barrel-aged red wine.</li> <li>Light hue, high clarity, fresh acidity and soft tannins thanks to harsh, continental climate and vineyards from up to 1200-1400m altitude.</li> </ul> <p><b>Use Scenes (Usage + Recipes)</b></p> <p>We recommend to pair our wine with beef and hard sorts of cheese.</p>  <p>■ <b>Product Picture</b></p>  <p style="text-align: center; font-size: 0.8em;">Allergen (Specific Raw Materials)</p>	Name of Product	Dry red reserved wine "Old Bridge" 2013; 2014; 2015			JAN Code	4/850003/950019/	Package	Material	Glass bottles	Use by date	N/A	Size/ Inner Capacity	Length(cm)X Width(cm) X Height (cm) 750ml	Minimum Order Quantity	2400 bottles	Packing	Material	box	Lead Time	2-3 month	Size/ Gross Weight	Length(cm)X Width(cm) X Height (cm) 31.5     25.5     19.0     9.52	Storage Condition	<input checked="" type="checkbox"/> Normal Temperature <input type="checkbox"/> Refrigeration <input type="checkbox"/> Frozen	Reference Price	<input type="checkbox"/> FOB <input type="checkbox"/> CIF depends on negotiations	Prices valid before Price in market	Certifications (Products/ System)	VI-1 Certificate for the importation into the European Community				Ingredients and Additives	The Place of Origin	Nutritional Facts	Ingredient Amount (Eg. X calories/100g)	Areni Noir grapes	Armenia	Total calories, including:	397.3 Kcal/l	MERIT Pure Saccharomyces cerevisiae	Denmark	Protein	0.2 g/l	Viniflore Oneos Freeze-dried Oenococcus oeni	Denmark	Fat	0.0 g/l	Sulphur Dioxide SO2	Germany	Carbs	2.0 g/l			Sulphur Dioxide:
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		Sulphur Dioxide:	< 100 mg/l																																																						
<b>Product quality control</b>	<p>Stainless vats for fermentation had been installed outside.</p> 	<p>Constructed a new building with temperature control for the fermentation vats.</p> 																																																							


Hygiene management	Adequate attention had not been paid to hygiene management.  N.A.	A thorough hygiene control system was developed, and employee education was introduced.  
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#### (4) Improvement of Ecovec LLC (Lori region)

The company’s mission is to provide health-conscious consumers with unique health products. This is consistent with the Armenian OVOP concept, and it was, therefore, selected as a model SME. The main products of the company are ‘pine-cone jam and syrup’, which is said to have a nourishing effect. It had only been exported to the Russian market before 2018, the company exports to Singapore on a test basis and planned to export to several countries through its improvements in its product packaging and hygiene management. This is also the result of the exhibition of their products at Food and Hotel Asia (FHA) 2018 in Singapore under the third country training course implemented by the Project.

**Table 30. Improvement in Ecovec LLC**

	Before improvement	After improvement
Packaging and labelling	<ul style="list-style-type: none"> <li>- A description in Russian only.</li> <li>- Modest packaging that did not attract buyers.</li> <li>- The bottle was too large for consumers to try.</li> </ul> 	<ul style="list-style-type: none"> <li>-An English description was added.</li> <li>- Information for health-conscious consumers was added.</li> <li>- The old bottle was replaced by a bottle that is smaller and easier to grip.</li> </ul> 
Hygiene control	No distinction between clean and general areas.  	A clear separation between clean and general areas, which prevent product contamination.  
Website	There have not been their own website.	Newly developed website in Armenian, English, and Russian

	N/A	
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**(5) Improvement in Ar Phyto Pharm LLC (Tavush region)**

The company, with about 10 employees, produces and sells herbal tea that make use of the characteristics of Armenia. Such products are also consistent with the Armenian OVOP concept, and the company was, therefore, selected as a model SME.

Through the pilot activities, the company realised the improvements listed in Table 31.

In addition, in order to enhance their business and to meet export requirements, the company identified a more established and larger location that would allow for tighter hygiene management. They are also planning to move their facility. This would enable the company to pursue the following new opportunities:

**① Apply to HACCP**

The company have already started recording their employees’ conditions (hands, nails, skin problems, uniform, jewellery, cosmetics usage, injuries, etc.) in preparation for the application requirements.

**② Expand product assortments**

A high demand for two products has been identified at local expos and new launches are currently planned: i) Stevia for diabetics in Armenia, and ii) basil.

**③ Obtain a clinical certificate (a more serious category than “food”)**








The company expects to gain a new customer segment in those who look for more safety and efficacy in what they consume. The company justifies this move as a good way to differentiate themselves from other herb tea brands.

The owner commented that the influence that the Project training had on them was ‘internationalisation’.

Following all of the above improvements, their long-term plan is to expand exportation as they would be comfortable with foreign customers, having learned customers’ requirements and the ability to communicate with them.



**Table 31. Improvement realized in Ar Phyto Pharm**

	<b>Before improvement</b>	<b>After improvement</b>
Packaging	<ul style="list-style-type: none"> <li>● A paper box that could easily be crushed and has a low-quality seal.</li> <li>● A low-resolution photo with an outdated image.</li> </ul> 	<p>Aluminium packaging with a high-quality seal and a sophisticated design.</p>  <p>New packaging with a rejuvenated brand image</p> 
Hygiene control	<p>Poor cleaning at the entrance to the raw materials storage space.</p> 	<p>Maintenance of the entrance to the raw materials storage space and the implementation of education for employees.</p> 
N/A	<p>Lack of instructions for employees</p>	<p>Renovated toilets with hand-wash instructions</p> 
N/A	<p>Products put directly on the floor</p>	<p>Elevated product storage with wooden pallets</p> 

### 3.3.3. Diffusion of the results of pilot activities to other local SMEs

To extend the improvements of the model SMEs to other companies, the SMEDNC regional office staff held workshops to share these experiences with them.



**Workshop to share experiences of model SMEs in SMEDNC Vayots Dzor regional office**

- A workshop in the Vayots Dzor regional office in April 2018 as shown by the picture on the left (10 SMEs participated)
- A workshop in the Armavir regional office in April 2018 (8 SMEs participated.)
- A workshop in the Lori regional office in April 2018 (9 SMEs participated,)
- Workshop in Head office in May 2018 (15 SMEDNC officials participated.)

In addition, some exhibitors in international trade fairs in Japan and Singapore realised similar diffusion activities. They are as follows:

#### (1) PE Arkadya Khachikyan:

Arkadya has been very active in disseminating what he has learnt from the training experiences. First, a dissemination meeting was conducted in the Armavir region to share their experiences with local producers. The owner has also continuously been providing training to dried fruit producers in his area to share his learning accompanied by photos from a Japanese factory to show the final goal of the hygiene management standard.

#### (2) Old Bridge LLC:

Taking this knowledge and experience, Old Bridge has been engaged in two dissemination actions:

- ① They conducted a dissemination session in April 2018.

Old Bridge shared what they had learned from the training to the participants, who were local wine and dried fruits producers from the Vayots Dzor region.

- ② They involved the Vine and Wine Foundation to disseminate expo skills.

The company shared their detailed expo experiences (e.g. how to get in touch with potential buyers before the expo, how to prepare for the expo, how to follow up every evening during the expo, etc.) with the VWFA.

#### (3) Ecovec LLC:

The company representative has been speaking with producers, approximately 20 companies, in surrounding villages and giving individual consultancy.

#### (4) Ar Phyto Pharm LLC:

The company representative has been participating in other trainings sessions (e.g. on the traceability of raw materials) and actively sharing her experiences and related knowledge to other local participants.

### 3.4. Activities and results related to the Output 3

Output 3 is defined as “The export of Armenian local products is promoted for international markets, including Japanese, European and/or neighboring countries' markets.” To measure the achievement of this output, the indicator was defined and achieved by the end of the Project.

**Table 32. Achievement of the indicators for Output 3**

Indicators	Achievement confirmed by the end of 2018
3-1. At least 5 Armenian products have a new international business linkage by the end of 2018.	<ul style="list-style-type: none"> <li>● Seven (7) kinds of local products were exhibited at international trade fairs; FOOD EX JAPAN 2018 held in Japan and Food and Hotel Asia (FHA) 2018 held in Singapore.               <ul style="list-style-type: none"> <li>✓ Wine</li> <li>✓ Dried-fruits</li> <li>✓ Herbal tea</li> <li>✓ Compote</li> <li>✓ Pine cone products</li> <li>✓ Honey</li> <li>✓ Vegetable puree</li> </ul> </li> <li>● Utilising the experiences gained in the trade fairs, some SMEs realised their export goals; wine was exported to Germany, Czech and the United States, making full use of the experiences gained at the trade fair. Compote producers increased their exports to the Russian market. Pinecone producers exported healthy foods to Singapore on a test basis. Dried fruit producers started to export to the U.S. and Russia and plan to export to Poland.</li> <li>● In addition, many Armenian producers exhibited their products at international trade fairs in Paris, Dubai, London, Nürnberg by applying the Advanced OVOP method. The SMEDNC launched the Product Promotion and Internationalisation Department under the technical support of the Project. The department systematically supports the Armenian SMEs’ participation in international trade fairs. This has resulted in a large number of products being sustainably introduced to foreign markets.</li> </ul>

The SMEDNC selected the Japanese and Southeast Asian market to realise the Project’s export promotion activities because (i) the Asian market has been paid little attention to by Armenian stakeholders, and (ii) export promotion for Western European and North American markets shall be covered by other international cooperation programs implemented by agencies of each country.

Regarding the export promotion of Armenian local SMEs, the main activities carried out during the reporting period were as follows:

- ① Improved management of model SMEs for international markets (see 3.3.2);
- ② Support for the participation of model SMEs in international trade fairs (FOOD EX JAPAN 2018) through training done in Japan;
- ③ Support for the participation of model SMEs in international trade fairs (Food and Hotel Asia 2018) through

training done in Singapore;

- ④ Systematisation and diffusion activities of the Advanced OVOP method for effective participation in international trade fairs.

### 3.4.1. Participation in international trade fair in Japan (FOODEX Japan 2018)

#### (1) Preparation for participation in FOODEX Japan 2018

For effective participation, the Project and the SMEDNC realized the following activities;

- **Selection of exhibitors:**

The SMEDNC selected three (3) SMEs among the model SMEs, to be exhibitors at FOODEX JAPAN 2018, by assessing the progress of pilot activities. In addition, the products of two (2) model SMEs were selected as side exhibitions (See Table 33).

**Table 33. Exhibitors in FOODEX JAPAN 2018**

Exhibitors	Location	Products
Rozfrud LLC	Lori	Compote
Old Bridge LLC	Vayots Dzor	Wine
PE Arkadya Khachikyan	Armavir	Dried fruits
PE Harutyun Zakaryan (side exhibition)	Lori	Honey
Matevosyan Wine LLC (side exhibition)	Vayots Dzor	Wine

- **Training for effective preparations:**

The Project provided several training programs for both exhibitors and coordinators (SMEDNC staff who coordinated the activities), on the following themes:

- Development of a product presentation sheet and promotional materials;
- Export logistics and related regulations in Japan;
- Communication and negotiation skills in the booth.

- **Participation in FOODX Japan 2018 and feedback:**

Through participating in international trade fairs, it is important (i) to integrate market information in trade fairs. This is because they are "international event type" marketing platforms so that local SMEs develop/improve products, with understanding of consumers' needs in target markets, (ii) to engage in business-matching with buyers for the export of Armenian products. From this point of view, the trainees were assigned the following tasks: (i) to discover cases that could be used for product development, and to learn from the other exhibitors, and (ii) to identify points that needed to be improved upon by reflecting on their business-matching.



Exhibitor provides samples to visitors



Exhibitors explaining products to visitors

Nearly 400 visitors (professional buyers and general visitors) visited the Armenian booth and approximately 40 buyers engaged in detailed business- matching with three (3) exhibitors. After returning to Armenia, the wine produced by Old Bridge was introduced by Japanese mass media. In addition, dried fruits of Arkadya Khachikyan received inquiries from Japanese buyers.

After the trade fair, the Project held a review session with trainees to gather the lessons and good practices that had been learnt in order to identify post-training activities. This session was intended to share the lessons learnt among not only the trainees (SMEDNC staff and exhibitors) but also SMEDNC staff and SMEs who had not participated in the training.

### 3.4.2. Participation in an international trade fair in Singapore (Food and Hotel Asia 2018)

For the preparation and participation in Food and Hotel Asia (FHA) 2018, SMEDNC staff who had experience at FOODEX Japan realized the required procedures with stronger involvement in preparation and implementation and supported local SMEs representatives who were not familiar with international trade fairs.

Three (3) SMEs and one (1) side exhibitor were selected as exhibitors among the SMEs (Table 34).

**Table 34. Exhibitors at Food and Hotel Asia 2018**

Exhibitors	Location	Products
Agrar Armavir	Armavir	Vegetable puree
Ar Phyto Pharm	Tavush	Herbal tea
Ecovec	Lori	Pinecone products
Nairyan Gouret LLC (side exhibition)	Armavir	Dried fruits

FHA2018 was held between April 24<sup>th</sup> and April 27<sup>th</sup> at Singapore EXPO. Nearly 78,000 people came from approximately 100 countries to buy, gather related information, and realize business-matching from about 3,500 booths that represented more than 70 countries. About 350 people visited the Armenian booths for tasting and information gathering.



**The booth received many visitors**



**Business matching with potential buyers**

On site, compared with visitors at FOODEX Japan 2018, the trainees observed the following differences:

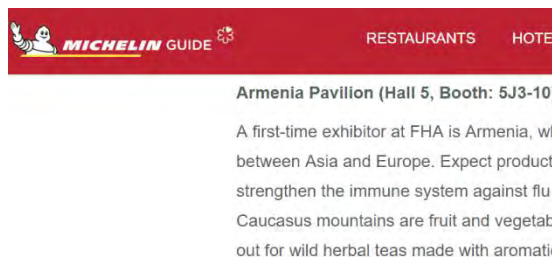
- Visitors are diverse (in addition to Asian countries, from the Middle East, Europe, Africa and South America with different religious backgrounds were present).
- Most visitors can communicate in English.
- Buyers from Muslim countries, such as Malaysia and Indonesia, frequently asked about Halal certifications.
- In regions where Armenian communities exist, effective business-matching for local SMEs can be supported.

Those points were given as feedback to stakeholders in Armenia.

As a result of the exhibition, Ecovek LLC exported products to Singapore on a test basis and other exhibitors also obtained positive results for future export possibilities, such as conducting second business-matching sessions after the trade fair, being asked for additional sample products, or official quotations.



**Exhibitors obtained information from visitors**



**Presentation in Michelin Guide website**

It is also noted that the Armenian booth was chosen as one of the five (5) booths to visit, and it was publicized on the Michelin Guide' website<sup>24</sup>.

### 3.4.3. Application of the experiences by exhibitors in Japan and Singapore

After participating at these two international trade fairs, exhibitors have utilised the experiences and lessons they have learned by themselves as follows:

<sup>24</sup>

<https://guide.michelin.com/sg/dining-out/food-and-hotel-asia-2018-five-exciting-booths-to-check-out/news?q=french&max=10&offset=120>

## (1) Rozfrud LLC

Utilizing the experience and lessons learnt from FOODEX Japan 2018, the company realized the following areas for export promotion.

- ① **New export deals were closed:** The company started to ship to USA. In addition, a new customer in France was gained as a result of participation in another international trade fair (SIAL Paris 2018).
- ② **Preparation to enter Japanese market started:** The company is in process of further quality improvement to meet the Japanese standard.
- ③ **New healthy product lines came in plan:** The company started various new product development and strategic product line expansions with “no chemicals” and/or “sugar-free” claims, gaining ideas in Japan.



Example of newly developed products

## (2) PE Arkadya Khachikyan

After the EXPO, the business continues to export promotion, using the experiences obtained as follows;

- ① **An online retailer from Hong Kong started negotiation for a small batch for a trial.**
- ② **New export deals to USA and Russia would be starting:** Rozfrud LLC supports PE Arkadya Khacikyan to exporting dried fruits to USA and Russia.
- ③ **Exportation to Poland came in preparation.**

A local liaison to facilitate export and import has been set up in Poland with a family member.



Dried fruits to be exported to USA, under collaboration of Rozfrud LLC.

### (3) d Bridge LLC

Following the training and expo participation, the company executed action plans committed during the Japan trip.

#### ① White wine production:

They expanded the vineyard and started white wine production, as they recognized a higher demand of white wine than expected in the Japanese market. Four thousand bottles are in their production forecast for 2019.

#### ② Participation in other international trade fairs

The company participated in ProWein in Düsseldorf, Germany, with which they applied all the exhibition skills they learned through Foodex. It resulted in new export deals to U.S., Czech Republic, and Germany. Furthermore, the company is planning to participate in Drink Japan Expo in November, 2019.

#### ③ 3-year plan

In their 3-year plan, they are considering Japan, Benelux markets, and Singapore to enter.



Label for white wine newly developed

### (4) Ecovec LLC

After participating in FHA with the Project, the company gained the following business expansions.

- ① Sent product samples for market testing to a potential customer in Germany to sell through a distributor who is specialized in chain stores with Russian alcoholic drinks.
- ② Developed a new vodka product line for a premium positioning, with a new package to convey its premium image and set the price 20% higher.

#### 3.4.4 Application of the Advanced OVOP method to participate in other trade fairs

The Project has developed an effective participation method for the promotion of local products in trade fairs held in foreign countries and in Armenia where overseas visitors come for business matching. The Project widely diffused the method to local SMEs through the SMEDNC and other institutions. The Advanced OVOP method was utilized in the following international trade fairs (see Table 35). In addition to six (6) exhibitors mentioned above, 77 SMEs applied the Advanced OVOP method for export promotion.



**Table 35. Trade fairs where the Advanced OVOP method was utilized by local SMEs**

Name of the trade fair	Country	Period	No. of SMEs exhibited	Supporting institutions
Harvest Festival	Armenia	September 2016	3	SMEDNC
ARMPRODEXPO	Armenia	October 2017	16	SMEDNC
Middle East Organic & Natural Products Expo	UAE	December 2017	12	SMEDNC, ADA
Natural & Organic Products Europe 2018	UK	April 2018	6	SMEDNC, ADA, EEN
Harvest Festival	Armenia	September 2018	9	SMEDNC
SIAL Paris	France	October 2018	12	SMEDNC, Business Armenia, ICT
Middle East Organic & Natural Products Expo	UAE	December 2018	7	SMEDNC, ADA
World's Leading Trade Fair for Organic Food	Germany	February 2019	12	SMEDNC, ADA, EEN, ICT

As a consequence, 83 SMEs (6 SMEs directly supported by the Project to participate in trade fairs in Japan and Singapore and 77 SMEs listed above) have participated in trade fairs by applying the Advanced OVOP method. In addition, to systematically promote the participation in international trade fairs of local SMEs, the SMEDNC established the Product Promotion and Internationalisation Department and appointed Ms Karapetoyan as the Director. She has been one of the main counterpart personnel of the Project. Thus, the Advanced OVOP regarding international marketing was utilised systematically by the SMEDNC<sup>25</sup>.

### **3.5. Activities and results related to Output 4**

Output 4 is defined as **“Tourism in OVOP pilot area is promoted for both domestic and foreign tourists, including the Japanese tourists.”** To measure the achievement of this output, three (3) indicators are defined that were achieved by the end of the Project.

<sup>25</sup> As a consequence of the structural reform of the SMEDNC, the coordination for international trade fair participation shall be realised by International Cooperation Programs Division from April 2019 onwards.

**Table 36. Achievement of the indicators for Output 4**

Indicators	Achievement confirmed by the end of the year 2018
4-1. New tourism product is introduced for foreign markets, including, Japanese and/or European markets.	<ul style="list-style-type: none"> <li>● Five (5) tour operators participated in Tourism EXPO Japan 2018 within the training in Japan, and introduced 27 tourism products</li> <li>● The same operators also made presentations of the tourism attractions of Armenia at an exclusive event to promote Armenia. It was hosted at a travel café in Tokyo.</li> </ul>
4-2. Services of SMEs is improved in the manner of advanced OVOP method.	<ul style="list-style-type: none"> <li>● Improvement was seen in the progress of local SMEs in tourism sectors, including B&amp;Bs that participated in the Project Phase 1, by applying the Advanced OVOP method.</li> </ul>
4-3. At least 20 tourism products are developed utilizing Armenian Advanced OVOP method.	<ul style="list-style-type: none"> <li>● From the 27 tourism products (local tours) introduced at Tourism EXPO Japan 2018, 20 were new.</li> <li>● Through the implementation of start-up training sessions, 28 new businesses in the tourism sector were inaugurated, in addition to five (5) tourism businesses to be inaugurated with disbursement of start-up loans with credit guarantee by the SMENDNC.</li> </ul>

To achieve this output, the Project realised several activities in Armenia such as training sessions, workshops, technical advice sessions, facilities made to strengthen relationships among stakeholders, as well as training sessions held in Japan and third countries (see Table 37 that has extracted theme related to tourism promotion). The Advanced OVOP material on local tourism promotion (see 3.2.2) was used as the fundamental base to any activities related to Output 4.

**Table 37. Contents of training courses in Japan and 3<sup>rd</sup> countries related to tourism promotion**

	Training in Japan		
	1 <sup>st</sup> training	2 <sup>nd</sup> training	3 <sup>rd</sup> training
Period	February 2017	March 2018	September 2018
Place	Tokyo and Yamanashi	Tokyo and Yamanashi	Tokyo and Nagano
Main contents related to capacity development for tourism promotion	<ul style="list-style-type: none"> <li>● Wine tourism promotion program of local government</li> <li>● Start-up of traditional accommodation by a female entrepreneur</li> <li>● Characteristics of Japanese tourists</li> </ul>	<ul style="list-style-type: none"> <li>● Operations of a wine production and wine tourism promotion complex operated by local government</li> </ul>	<ul style="list-style-type: none"> <li>● Local tourism promotion using local resources/products</li> <li>● Local branding and local tourism promotion</li> <li>● In-bound tourism promotion for small scale accommodation</li> </ul>
	Training in Thailand		Training in Singapore
Period	November 2017		April /May 2018
Place	Bangkok		Singapore
Main contents related to capacity development for tourism promotion	<ul style="list-style-type: none"> <li>● Tourism product development using local cuisine (gastronomy tourism)</li> </ul>		<ul style="list-style-type: none"> <li>● Tourism product development using local tradition and culture (tourism product to promote in-bound tourism)</li> </ul>



**Learning in Japan about start-up of accommodation in rural area**



**Learning in Japan about tourism development utilizing local unique resources**

### **3.5.1. Activities intended to introduce new tourism products to foreign markets**

The Project categorized tourism products as;

- Category (i): Products provided directly by local SMEs. In this category, services such as accommodation (B&Bs), restaurants, local tours, etc. are included.
- Category (ii) Products such as organized tours that promote the use of tourism products in category (i).

Because majority of the local SMEs which operate tourism products in category (i) face difficulties in promoting directly in the international markets due to the limitation of human and financial resources, the Project emphasized on reinforcing tourism products in category (ii).

The discussion with the SMEDNC and STC confirmed the strong expectations from the Armenian side towards the Project to promote the country's local tourism to the Japanese target market. Accordingly, the Project realised the following activities:

#### **(1) Capacity development for the effective introduction of tourism products to Japanese market.**

The Project provided occasionally technical advice and training targeted to both national entities related to local tourism promotion and private entities that provide tourism products in category (ii), which encompassed:

- Lectures on the characteristics of the Japanese market
- Lectures to develop effective promotional materials suitable for the Japanese market.
- Training session for exhibitors and SMEDNC officers for the effective introduction of tourism products in the EXPO (identification of potential business partners in Japan, understanding the wants and needs of Japanese travelers concerning traveling abroad, effective promotional communication, etc.).
- Technical assistance to conceptualize and plan the in-booth events and activities at Tourism EXPO Japan, primarily for SMEDNC staff.



**Figure 18. Lecture material to develop effective promotion materials for Japanese market**

## (2) Strengthening collaborations between related national entities for effective introductions

For effective introduction of Armenia as an attractive tourism destination, the Project and the SMEDNC agreed to participate in the Tourism EXPO Japan 2018 and in the form of national booth. The Project facilitated the process to strengthen the collaborations among related national entities through accompanying the SMEDNC executing the following:

- Application of the national Armenian booth at Tourism EXPO Japan 2018 with the name of the SMEDNC.
- Establishment of a collaboration mechanism among the SMEDNC, STC and ATDF, signing MoU (see 1.7.2).
- Collaboration with the Embassy of Armenia in Japan (see 1.7.6)
- Cooperation of the WVFA and obtain in-kinds (wine and promotional materials) and knowledge transfers (characteristics of Armenian wines, serving techniques for tasting, etc.) to the SMEDNC staff in charge of the international marketing (see 1.7.3).

## (3) Practice of Armenian tourism products introduction in Japan

As a part of programs of the training course in Japan, the Project conducted two principle activities for effective introduction of Armenian tourism products at the Tourism EXPO Japan 2018.

- Introduction at the Tourism EXPO Japan 2018:

The SMEDNC and related institutions organized the national booth at the Tourism EXPO Japan 2018, as part of the training program. During the exhibition period, approximately 80 travel businesses and 400 general public visited the Armenia booth and attended by the Armenian participants for business meetings

and/or travel information inquiries.

The exhibitors made the Armenian tourism appealing to the Japanese visitors, who are largely unfamiliar with Armenia as a country in general, not to mention as an attractive tourism destination. The exhibitors used tourism booklets and other promotional materials.

- Introduction in an event held at a travel café in Tokyo:

The Project also coordinated an event in partnership with the Embassy of Armenia in Japan and a Japanese tour operator to introduce Armenia as an attractive new destination to a group of seasoned travelers. Twenty-three (23) people attended the event and got an exposure to the Armenia's tourism attractions, including the tasting experience of wine and dried fruits. The training participants (tour operators) had significant opportunities to respond to the questions raised by the Japanese potential travelers as well as to exchange ideas as to how best the Armenia's tourism attractions can be exploited by the Japanese tourists.

In Japan, five (5) tour operators introduced 27 tourism products, 20 of which were products newly developed for the Japanese market.

Through these activities the participants recognized the importance of synergistic effects of local products and tourism promotion which is necessary to achieve the overall goal of the Project<sup>26</sup>. Thus, the training objective was achieved, such that the trainees could apply the learnt strategy in Armenia.



**Armenian booth in Tourism EXPO Japan 2018**



**Introduction of local tourism by Armenian tour operators**

### **3.5.2. Activities related to improving the service quality of local SMEs in the tourism sector**

The Project provided training to improve the service quality levels of local SMEs in the tourism sector such as B&Bs, restaurants, etc. The training sessions were conducted utilising the material of the local tourism promotion of the Advanced OVOP method. The trainings were realised in several regions by SMEDNC regional office staff and in Yerevan for local B&B owners by collaborating with the Armenian B&B Development Association.

The following results were obtained through implementation of the training sessions;

- Improvement on marketing methods: By acquiring the Advanced OVOP method, B&B owners are capable of providing information clearly such as features of the B&B and the region, such as history, culture, nature,

<sup>26</sup> VWFA supported the wine exhibition and tasting, which attracted visitors and made them recognize Armenia as interesting wine tourism destination.

etc., as well as tourism information through brochures to tourists. In addition, some B&Bs started to display and sell local products in their facilities. It contributes to provide opportunities their guests to know and purchase local distinctive products in the area, to make differentiation of the B&B and to contribute for strengthening local SMEs provide to provide opportunities to sell their products.

- Reinforcement of food hygiene management: The food hygiene management in B&Bs that provide food and drink has not been sufficient so far. Therefore, there has been a risk of food poisoning. Since FSIB has been promoting food safety inspections for accommodation facilities, etc. The Project provided training session on food hygiene management as one of the Advanced OVOP methods which can be implemented in small-scale facilities with sustainability. Now, they can provide food and drink for their guests with more confidence.
- Cleanness of facilities: By learning the concept of 5S which is included in the Advanced OVOP method, some owners started to utilize check sheets to keep thoroughly cleanness of guest rooms and common spaces of the B&B. It contributed to increase favorable impression of the guests towards the B&B.



**Training for local SMEs in tourism sector**



**Training for B&B owners**

### **3.5.3. Activities related to developing new tourism products**

The Project realized the following activities to facilitate the development of new tourism products:

#### **(1) Implementation of start-up training to foster local entrepreneurs in the tourism sector.**

The training was realized in seven (7) regions (see 3.3.1) for the development of new tourism products in category (i). As a result, 70 entrepreneurs in the tourism sectors were introduced to the Advanced OVOP method. According to the end-line survey, 28 businesses such as B&Bs, restaurants, and other tourism service providers were inaugurated, in addition to 5 entrepreneurs in the tourism sector had participated in the training during January and March 2019 and were approved start-up financing and are now waiting for disbursement to start their business.

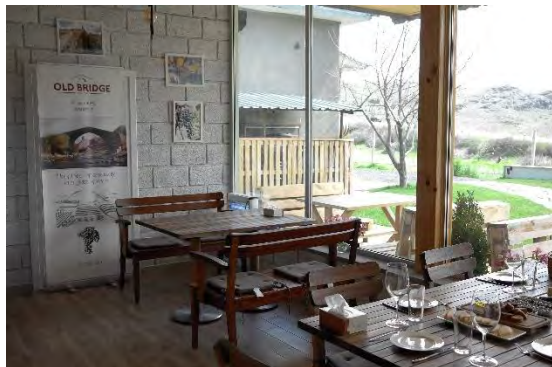


**Business plan of new tourism products by participants of start-up training**

**(2) Training in Japan and third countries regarding new product development**

As described in Table 37, every training course in Japan and third countries included programs to learn good practices of new tourism products. Utilising what they had learned in these training sessions, some tourism products have been developed or are currently under development, particularly in the Vayots Dzor region, which is considered one of the oldest wine production areas in the world.

- Old Bridge LLC, which had participated in training in Japan, inaugurated a wine tasting room for tourists.
- SMEDNC officers in the same region disseminated the information obtained in Yamanashi prefecture on local wine production and wine tourism promotion among local stakeholders, including the administration of Areni village (see 3.7.2).



**Wine tasting room for tourists**



**Meeting between Areni village Mayor and SMEDNC former Executive Director for further local wine tourism promotion**

**(3) Training sessions / workshops on tourism related business development, by utilizing the Advanced OVOP method.**

Training sessions and individual consultations were realized to develop new tourism products in category (ii), mainly targeting the participants of Tourism EXPO Japan 2018 with the final goal of attracting Japanese visitors. As a result, 20 products were developed utilizing the Advanced OVOP method. The products were introduced in that EXPO (some examples are described in Table 38). Some tour operators received inquiries and orders from travel agencies in Japan.

**Table 38. Example of new tourism products**

Name of tour	Contents
Armenian wine tour	Specialized tour for wine connoisseurs and wine lovers.
Gastronomy & wine tour	Experience and understand Armenian food, culture and regional characteristics.
Authentic Armenia tour	Learn about Armenian history during the Soviet Union period, special homemade cooking hosted by a family of a local artist.
Health & beauty tour	Learn about and experience folk remedies for health and beauty from Armenia in medieval times.
Silk Road tour	Follow the route of the Silk Road in Armenia.
Country tourism and yoga tour	Visit local villages to experience traditional food and practice yoga at spiritual power spots.

### 3.6. Activities and results related to the Output 5

Output 5 is defined as “**Marketing platforms, including a roadside station, work for local business development.**” To measure the achievement of this output, two (2) indicators are defined, which were achieved by the end of the Project.

**Table 39. Achievement on indicators for Output 5**

Indicators	Achievement confirmed by the end of the year 2018
5-1. The marketing platforms established by the Project Phase 1 work for local product development in a continuous manner.	<ul style="list-style-type: none"> <li>● The OVOP Facebook page developed in the Project Phase 1 has been continuously used for collecting customer voices.</li> <li>● Event-type platform was applied in Armenia and Japan to collect consumers' voice.</li> </ul>
5-2. At least 2 new practices of the marketing platform are developed, by applying the platform manual elaborated by the Project Phase 1.	<ul style="list-style-type: none"> <li>● As a new type of platform, international event-type platform has been put into practice through participation in trade fairs.</li> <li>● Technical support for planning for Road Side Station (RSS) operation has been provided by learning RSS operation in Japan and development of operational guideline.</li> </ul>

#### 3.6.1. Development of marketing platform developed during the Project Phase 1

The Project has been strengthening marketing platform, that is, a framework to incorporate the results of the Project Phase 1 and improve and develop local products based on opinions of markets and consumers, while simultaneously supporting the marketing activities of regional SMEs. Marketing platforms developed during the Project Phase 1 that have been continuously utilized are classified in the table below.



**Table 40. Existing types of marketing platforms**

Type	Objectives	Examples
Event-type	Organizing an event that can attract potential customers in order to promote and sell the local products and services on a trial basis.	<ul style="list-style-type: none"> <li>● Wine festival</li> <li>● Harvest festival</li> <li>● Art festival</li> </ul>
Monitor-type	Arrangements that provide businesses and entrepreneurs with mediated access to a specific target market segment.	<ul style="list-style-type: none"> <li>● Armenian OVOP Facebook page</li> <li>● Structured questionnaire survey of consumers</li> </ul>
Shop-type	Operation of a physically established sales outlet, which ensures immediate and detailed communication with the producers.	<ul style="list-style-type: none"> <li>● Antenna shops</li> </ul>

During the reporting period, the Project utilized the following existing platforms:

- (1) **Armenian OVOP Facebook page<sup>27</sup>** (Monitor-type): The Project continues to disseminate information on local products and the Project activities.
- (2) **Participation in events to survey consumers' preferences (monitor-type/event-type)**: During the Project period, the Project continue to participate in several events to survey preferences of consumers, applying questionnaire developed by the Project;

**Table 41. Implementation of monitor and event type of marketing platform**

Name of event	Place	Period	Description
Areni wine Festival	Areni, Vayots-Dzor region	October 2016 and 2017	Collaborated with SMEDNC and Areni Wine Foundation, the Project provided opportunities local wineries to exhibit their products. In the event in 2016, questionnaire was applied to 200 overseas visitors to survey the preference of wine and wine tourism.
Christmas in the World	Yokohama, Japan	December 2016	Collaborating with Embassy of Armenia in Japan, the Project presented Armenian dried fruits, fruits drinks, wine, vodka and applied questionnaires to 150 Japanese visitors.
Armenian Cultural Week	Tokyo, Japan	May 2017	The Project realized presentation and exhibition of Armenian local products for awareness raising of Japanese visitors (collaborated with Embassy of Armenia in Japan).

The Project elaborated questionnaire applicable in events to know the preference of consumers.



**Exhibition of Armenian local products for tasting in the Christmas in the World**



**Presentation of Armenian local products in Armenian Cultural Week**

<sup>27</sup> <https://www.facebook.com/ovop.arm/>

- (3) **Coordination of wine tasting by Japanese sommeliers** (monitor-type): In August 2017, two (2) Japanese wine sommeliers tasted three (3) Armenian wine brands which participate in the Armenian OVOP movement so that the wineries can receive feedbacks regarding the Japanese potential consumers' preference. The result was shared and utilized in a selection process of exhibitors in FOODEX Japan 2018.

### 3.6.2. Development of new marketing platforms

The marketing platforms developed and operated in the Project are as follows:

#### (1) Support for local SMEs to exhibit in international trade fairs as international event-type marketing platform

International trade fairs are an important opportunity for export-oriented local SMEs which otherwise do not have overseas offices or representatives, because thousands of buyers visit such trade fairs to identify products and for business matching. The Project defined international trade fairs as “international event-type marketing platform”, where is a good opportunity for local SMEs to develop or improve local products, reflecting the opinion of customers in target markets, and realized following activities:

- Elaboration of guidebooks both for exhibitors and support institutions such as SMEDNC for effective exhibition (see 3.2.2).
- Provision of technical support for participation in international trade fairs (see 3.4). The Project directly supported the participation in 3 trade fairs (FOODEX Japan 2018, FHA 2018 and Tourism EXPO Japan 2018). In addition, SMEDNC, collaborating with other donors, supported local SMES to participate in 8 trade fairs (see 3.4).

#### (2) Technical support for the operation of Road Side Station in Lori region

The SMEDNC plans to establish Road Side Station (RSS) in Lori region in 2019<sup>28</sup>, as part of the EU-implemented **Boosting Competitiveness of Regional SMEs Project** (see section 1.8.1).

The SMEDNC learned the role of RSS in local economic development through a training course held in Japan during the Project Phase 1. A RSS has a basic three function; rest function, information provision function and regional development function. The SMEDNC has considered RSS as a “multi-purpose type of marketing platform” to provide opportunities for local SMEs to exhibit and sell their products, in addition to attracting tourists by providing local tourism information and regional events.

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<sup>28</sup> It is expected that the construction will be completed by June 2019.



**Exterior image of the RSS**

(Source) SMEDNC



**Interior image of the RSS**

(Source) Mockup presented by SMEDNC

During the Project period, the following activities were realized in preparation for the effective and sustainable operation of the RSS;

- Support for the development of a guideline of the operations of the RSS.
- Provision of lecture on RSSs in Japan (*Michi no Eki*<sup>29</sup> Tomizawa and Kai Yamato, both in Yamanashi prefecture).



**Lecture on *Michi no Eki* Tomizawa**



**Lecture in *Michi no Eki* Kai-Yamato**

### 3.7. Activities and results related to Output 6

Output 6 is defined as “The Project activities on Armenian OVOP movement are monitored, and the lessons learned from the activities are used for local SME development.” To measure the achievement of this output, three (3) indicators are defined, that were achieved by the end of the Project.

<sup>29</sup> Michi no Eki means Road Side Station in Japanese.

**Table 42. Achievement of indicators for Output 6**

Indicators	Achievement confirmed by the end of the Project
6-1. The quarterly progress reports of the project activities are elaborated.	● The quarterly report as well as the monthly report has been prepared by the SMEDNC.
6-2. At least 10 SMEDNC staff members apply the lessons learned from the project activities in different tasks related to SME promotion.	● 29 SMEDNC staff in both Head Office and Regional offices applied lessons learned in activities related to SME promotion.
6-3. SMEDNC utilize data base and realize periodically quantitative monitoring.	● The monitoring (executed in August 2018) and end-line survey (executed January to February 2019) by SMEDNC regional office staff leads to improvements in the management of local SMEs upon the use of the Advanced OVOP method.

### **3.7.1. Development of a quarterly report on the Project**

Japanese experts and SMEDNC staff have established a system to report and share the results of the Project activities. Both parties prepared the following reports and shared their progress and issues.

- Monthly reports in English and Armenian to distribute to a wide range of stakeholders.
- Quarterly report in English to submit to JICA Uzbekistan Office

### **3.7.2. Application of lessons learned onto local SME by SMEDNC staff**

According to the end line survey, a total of 29 SMEDNC staff in both the Head Office and Regional Offices have applied the lessons they had learned from the Project, such as method on development/improvement of local products, quality and food hygiene control and marketing, onto local SME development in some ways (see Table 43). These staff members disseminated the good practices of local SMEs that had applied the Advanced OVOP method to other SMEs and entrepreneurs. They also disseminated the good practices that they had learned in training sessions in Japan and third countries to SMEs and other related entities. The information was disseminated to some local government bodies and other entities.

For example, in the Vayots Dzor region, SMEDNC regional staff provided several seminars that demonstrated good examples among local SMEs, including cases of effective exhibitors in international trade fairs in both Japan and Singapore as well as good examples of local tourism promotions. The wine tourism promotion activities in the Yamanashi prefecture in Japan was of particular importance. In addition, the information was shared with some local government bodies.

**Table 43. Number of SMEDNC staff who applied the OVOP method to local SME development**

	No. of staff applied	OVOP concept	Quality control	Marketing
Head Office <sup>30</sup>	9	9	5	5
Vayots Dzor	2	2	0	2
Armavir	2	0	2	2
Shirak	2	2	2	2
Ararat	2	0	2	2
Kotayk	2	2	2	2
Lori	2	0	1	2
Syunik	2	2	2	2
Aragatsotn	2	2	2	2
Tavush	2	2	0	2
Gegharkunik	2	0	0	2
Total	29	21	18	25

### 3.7.3. Strengthening the monitoring function of SMEDNC on local SMEs' activities

To measure the improved capability of each SME, it is important for the SMEDNC to establish a monitoring mechanism. In August 2018, SMEDNC regional branch staff realized monitoring of local SMEs by visit or telephone, to survey whether they continue to use the Advanced OVOP method (such as introduction of quality and hygiene control system, improvement of production facilities and processes, introduction of new marketing strategy and method, development of new products or improvement of existing products, improvement of packaging, etc.). After that, the Project implemented end-line survey in February 2019. SMEDNC regional staff is required to realized periodical monitoring, instruction and support to local SMEs. The Project provided activities that strengthen the monitoring mechanism as follows:

- **Establishment of a database of local SMEs and start-ups:** The Project in collaboration with the SMEDNC developed a database of local SMEs (See Figure 19). This database enables SMEDNC staff to observe and measure the impact of activities that involved the use of the Advanced OVOP method.
- **Strengthening the involvement of the SMEDNC Monitoring and Control Department:** Mr Rafael Kosyan, a staff member in that department, was appointed to be the official in charge of establishing and implementing the local SMEs' monitoring system by the SMEDNC Executive Director.
- **Implementation of training for SMEDNC staff to practice monitoring:** The Project, in collaboration with the Monitoring and Control Department, conducted monitoring training sessions for SMEDNC staff. The monitoring system comprises either monitoring on-site or monitoring by telephone. Monitoring on-site training was implemented with the collaboration of a local company (Ararat Food Factory).

<sup>30</sup> 3 staff of Product Promotion and Internationalization Department, 2 of International Cooperation Department, 2 from Information, Consulting and Training Support Programs Department and 2 from Analysis and Development Department (at the time of end-line survey)

N	SME	Director	Business registration date	Business type 1. Food&Beverages (factory, restaurant, fast food), 2. B&B, 3. Other tourism company, 4. Other company	Region	Inspector	Respondent	Loan 0 No 1 Yes by the end of 2018	Monitoring date for endline survey
1	ԱՁ Աննա Բաղդասարյան	Աննա Բաղդասարյան	20.01.2017	2	Vayots Dzor	Լիլիթ Զակրյան	Աննա Բաղդասարյան	0	2019/1/22
2	ԱՁ Իրինա Օհանյան Խաժ	Իրինա Օհանյան	20.01.2017	1	Vayots Dzor	Լիլիթ Զակրյան	Իրինա Օհանյան	1	2019/1/22
3	ԱՁ Անի Գասպարյան	Անի Գասպարյան	01.02.2017	2	Syunik	Նանտեն Ծատրյան	Անի Գասպարյան	1	23.01.19
4	ԱՁ Արմինե Ալեքսանյան	Արմինե Ալեքսանյան	05.02.2017	1	Vayots Dzor	Լիլիթ Զակրյան	Արմինե Ալեքսանյան	0	2019/1/22
5	«ՈՒՆՊԵՏԵՏ ԷԿՈ» ՍՊԸ	Վրթուր Պատկոսյան	08.02.2017	1	Syunik	Նանտեն Ծատրյան	Սյրիս Պատկոսյան	0	23.01.19
7	«ՎԻ ՓԻ» ՍՊԸ	Անիկ Գասպարյան	14.02.2017	1	Kotayk	Զակրյա Ավանյան	Անիկ Գասպարյան	1	2019/1/23
8	ԱՁ Անուշ Մարալյան	Անուշ Մարալյան	15.02.2017	4 souvenirs from wood	Tavush	Վիլյամ Օհանյան	Վ Մայիլյան	0	2019/1/22
9	ԱՁ Հրայր Գևորգի Ավետիսյան	Հրայր Ավետիսյան	06.03.2017	1	Gegharkunik	Արմեն Թադևոսյան	Հրայր Ավետիսյան	1	-
10	ԱՁ Պողոս Փլավյան Գևորգի	Պողոս Փլավյան	07.03.2017	1	Kotayk	Զակրյա Ավանյան		1	
11	«ԼՈՐԷ» ՍՊԸ	Արման Առաքելյան	28.03.2017	3	Lori	Սևակ Ափուջանյան	Արման Առաքելյան	1	24.01.19
12	ԱՁ Ստեփան Ալեքսանյան Ստեփան	Ստեփան Ալեքսանյան	30.03.2017	4 shoes	Yerevan			1	
13	ԱՁ Զովիկ Պապիկյան	Զովիկ Պապիկյան	06.04.2017	1	Kotayk	Զակրյա Ավանյան	Զովիկ Պապիկյան	0	2019/1/23
14	ԱՁ Աստղիկ Կուրդիանյան Ստեփան	Աստղիկ Կուրդիանյան	07.04.2017	4 cloth atelier	Shirak	Կոլյուն Սիմոնյան	Աստղիկ Կուրդիանյան	1	24.01.2019
15	ԱՁ Գոռ Ամիրյան Գևորգի	Գոռ Ամիրյան	12.04.2017	1	Shirak	Կոլյուն Սիմոնյան	Գոռ Ամիրյան	1	24.01.2019
16	ԱՁ Վահե Տերտերյան Խաչե	Վահե Տերտերյան	20.04.2017	4 car service/repair	Shirak	Կոլյուն Սիմոնյան	Վահե Տերտերյան	1	24.01.2019
17	«ՄԻՆԱՅԵՏ» ՍՊԸ	Գարինե Սողոմյան	21.04.2017	4 bio fuel production	Lori			0	24.01.19
18	«ՄԱՍ» ՍՊԸ	Ռոբերտ Հախերերյան	25.04.2017	4 computer games	Tavush	Վիլյամ Օհանյան	Ռ. Հախերերյան	1	2019/1/22
19	ԱՁ Վարսենիկ Զարություն	Վարսենիկ Զարություն	02.05.2017	4 childrengarten	Ararat	Էմին Բովհանսիսյան	Վ. Զարությունյան	1	2019/1/25
20	ԱՁ Լևոն Զամբարանյան	Լևոն Զամբարանյան	04.05.2017	1	Armavir	Armen Grigoryan	Լևոն Զամբարանյան	0	2019/1/24
21	«ՆԱՎԱՍՏՐԳՅԱՆ» ՍՊԸ	Նարեկ Նավասարդյան	18.05.2017	4 production of concrete blocks	Lori	Սևակ Ափուջանյան	Նարեկ Նավասարդյան	1	24.01.19
22	ԱՁ Սեյրան Ասուրյան Եգոր	Սեյրան Ասուրյան	19.05.2017	4 production of woodware	Lori	Սևակ Ափուջանյան	Սասուն Ասուրյան	1	24.01.19

Figure 19. Monitoring database of local SMEs



Training of monitoring methods by telephone



Training of monitoring methods on site

## 4. Recommendations and lessons learned

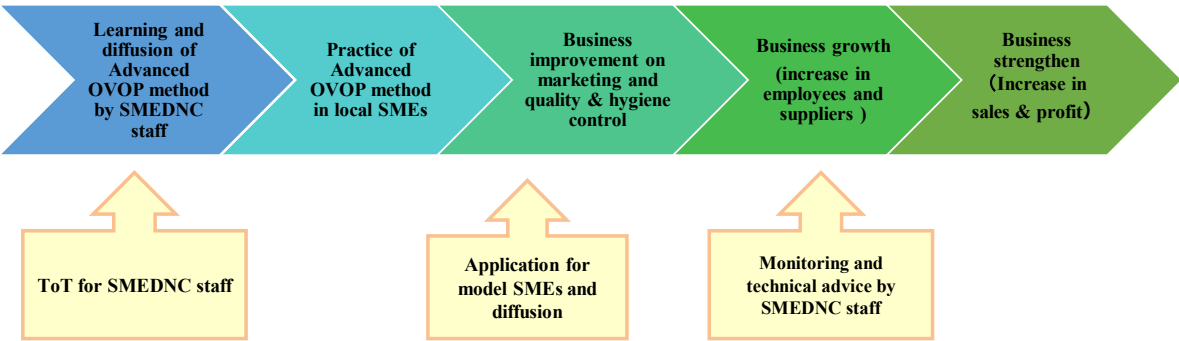
This chapter presents the lessons that were learned from the administration and operations of the Project and makes recommendations that will reinforce the sustainability of the Project’s effects. They can be applied to the continuous activities that will improve the assistance rendered to local SMEs.

### 4.1. The lesson learned from the Project administration and operation

Through the implementation of the Project, the following lessons have been learned:

**(1) Advanced OVOP method is effective to strengthen competitiveness of local SMEs.**

As mentioned in 3.1.2, the result of the end-line survey shows that the application of the Advanced OVOP method is effective in strengthening the management of local SMEs, particularly with regard to marketing and quality (including hygiene management). These measures lead to an increase in sales and profits, clients, suppliers, and employment. Therefore, to achieve sustainable regional economic development (the overall goal of the Project), the continuous application of these measures on a wide range of local SMEs is essential. Figure 20 shows the process to be adopted by the Project.



**Figure 20. Process of applying the Advanced OVOP method**

**(2) On-site customized training, coaching and follow-up are effective**

According to interviews with owners and managers of selected model SMEs, on-site training, coaching and follow-up training by SMEDNC staff and management consultants (BDS providers) were deemed effective in the following areas: the strengthening of business strategies and operations, the identification of new markets with newly developed products and/or improved products that are produced and processed in factories with improved quality and hygiene control, and developing sophisticated marketing strategies.

### **(3) Improvement of quality control measures and marketing is essential for competing in international markets**

To compete effectively in international markets, it is important to provide products that satisfy international standards. The FSIB encourages food-processing companies to obtain HACCP certificates.

In addition to production, it is quite important for marketing strategies to have clear descriptions in order to attract professional buyers and/or individual consumers.

The Advanced OVOP method includes important instructions for both production and marketing. Therefore, the SMEDNC should continue to facilitate local SMEs with the materials needed to apply the method.

### **(4) Participation in international trade fairs is effective, if it accompanies with capacity development program for exhibitors**

Through participation in international trade fairs, local SMEs recognised the possibility of exporting their products to new markets with improved products and marketing strategies. Even though they were not able to reach agreements or enter into contracts with foreign buyers at that point in time, they are more confident now with their accumulated knowledge and experiences. The SMEs realised the investments to improve their production facilities, educate their employees, improve packaging and labelling, and develop marketing materials etc. Some participants improved their English communication skills. It is important to continue providing them with opportunities to participate in trade fairs combined with customised preparatory training.

The roles of the SMEDNC and other institutions that organise a booth at trade fairs are also important. It is necessary for the Armenian booth to be set up with a clear concept and distinguishable design among the hundreds of booths in the venue.

Collaboration among Armenian embassies and communities is effective in promoting Armenian products and connecting with potential buyers.

### **(5) Local tourism promotion with production development is effective in producing a synergy effect**

Although promoting the export of local products through participation in international trade fairs is effective, some local SMEs experience difficulties due to the costs of logistics, the differences between the quantities that buyers want to buy, and which SMEs are able to or want to ship.

As an alternative, local tourism promotion can be developed so that tourists can taste and consume local unique products and utilise services such as accommodation, restaurants, etc.

At Tourism EXPO Japan 2019, Armenian participants recognised that the wine tourism industry in Armenia was given a lot of attention by visitors.

### **(6) Continuous marketing platform development is useful for local SMEs**

For local SMEs that do not have sales points or big enough production capacities to produce quantities that wholesalers require, it is important to provide opportunities/places in which to sell their products. The sample



applies to international trade fairs, domestic trade fairs, and any events that are suitable opportunities for selling products for visitors. Currently, the SMEDNC is constructing an RSS in the Lori region. It is expected that the RSS will serve local SMEs, including the tourism sector.

#### **4.2. Recommendations for reinforcing the sustainability of the Project's effects**

The recommendations for reinforcing the sustainability of the Project's effects are noted below. They are given in terms of (1) knowledge diffusion and (2) reinforcement of the One Village One Product (OVOP) implementation system.

- (1) Strengthen the capabilities of SMEDNC staff and BDS providers.
- (2) Strengthen the ownership of local SMEs.
- (3) Provide continuous support for the promotion of exports with a selection of target markets.
- (4) Accelerate the integration of local product development and in-bound tourism promotion.

#### **4.3. Conclusion**

JICA realised the technical cooperation between local product development and local brand promotion for six years from 2013 to 2019. During the implementation period, the capacity development by applying the Advanced method has been systematized and capacity development program for those who support local SMEs, such as SMEDNC staff members and BDS providers, have been realized. The local economic development which will lead to fill the economic gap between urban and rural areas will be accomplished by sustainable application of the method.

(END)



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## Annex 1 : Summary of the Project (Armenian)

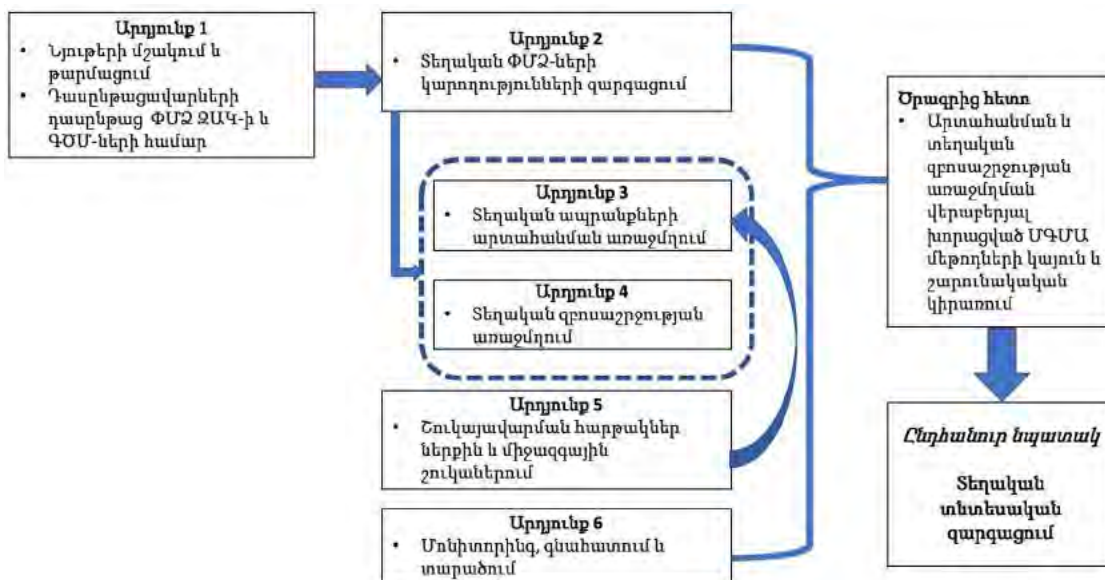
### «Տեղական տնտեսության զարգացում և տեղական ապրանքանիշերի առաջնորդում Հայաստանի Հանրապետությունում – փուլ 2» ծրագիր

Ծրագրի ամփոփում

#### (1) Ծրագրի ընդհանուր նկարագրություն

«Տեղական տնտեսության զարգացում և տեղական ապրանքանիշերի առաջնորդում Հայաստանի Հանրապետությունում – փուլ 2» ծրագիրը (այսուհետ՝ Ծրագիր) իրականացվել է երեք տարի ժամկետով, 2016թ. հունիս ամսից մինչև 2019թ. հուլիս ամիսը, հաջորդելով «Տեղական տնտեսության զարգացում և տեղական ապրանքանիշերի առաջնորդում» ծրագրին (Ծրագրի առաջին փուլ)՝ որպես Հայաստանի «Փոքր և միջին ձեռնարկատիրության ազգային կենտրոն» հիմնադրամի (այսուհետ՝ ՓՄՁ ՉԱԿ) հետ իրականացվող ճապոնական տեխնիկական համագործակցության ծրագիր:

Ծրագիրը նախատեսում է, որ ՓՄՁ ՉԱԿ-ը կիրառում է խորացված «Մեկ գյուղ, մեկ արտադրանք» մեթոդը ներքին և միջազգային շուկաներում տեղական ՓՄՁ-ների մրցունակության բարձրացման նպատակով, որն էլ տանում է տեղական տնտեսական զարգացման: Ծրագրի բաղադրիչները և կառուցվածքը ներկայացված են Պատկեր 1-ում:



Պատկեր 1. Ծրագրի իրականացման գործընթացը

#### (2) Ծրագրի հիմնական արդյունքները և նվաճումները

Ծրագրի հիմնական արդյունքները հետևյալն են.

- Ծրագիրը ստեղծել է Խորացված ՄԳՄԱ մեթոդը՝ օգտագործելով Ծրագրի առաջին փուլի արդյունքները և մշակելով որոշ նյութեր:
- Ծրագիրն իրականացրել է դասընթացավարների դասընթացներ ՓՄՁ ՉԱԿ-ի 21(քսանմեկ) աշխատակիցների և գործարար զարգացման ծառայությունների մատուցող կազմակերպությունների 24 (քսանչորս) ներկայացուցիչների համար, որպեսզի նրանք կարողանան կիրառել խորացված ՄԳՄԱ մեթոդը տեղական ՓՄՁ-ների համար:
- Դասընթացավարները խորացված ՄԳՄԱ մեթոդը ներկայացրել են ձեռնարկատերերին (160 (հարյուր վաթսուհին) մասնակից Ծրագրի կողմից իրականացված դասընթացներին և 640 (վեց հարյուր քառասուն) մասնակից այլ դոնորների կողմից ֆինանսավորված դասընթացներին): 134 (հարյուր երեսուն չորս) ՓՄՁ-ներ մեթոդը կիրառում են իրենց բիզնես գործառնություններն ուժեղացնելու նպատակով:
- Ընտրված ՓՄՁ-ները մասնակցել են միջազգային առևտրային ցուցահանդեսների: ՓՄՁ ՉԱԿ աշխատակիցներն աջակցել են նրանց՝ ավելի լավ առաջնորդման և բիզնես համապատասխանության հանդիպումների համար: Մասնակցությունից հետո ՓՄՁ-ները շարունակում են ստեղծել/բարելավել ապրանքները, բանակցել գնորդների հետ և որոշել նոր արտաքին շուկաներ՝ այլ առևտրային ցուցահանդեսներին մասնակցելու միջոցով: Ի հավելումն, ՓՄՁ ՉԱԿ-ն այս փորձը կիրառել է նաև այլ առևտրային ցուցահանդեսների համար: Ընդհանուր առմամբ, մեթոդի կիրառմամբ 83 (ութսուն երեք) ՓՄՁ-ներ ստացել են արտահանման խթանման աջակցություն:
- Խորացված ՄԳՄԱ մեթոդի կիրառմամբ տեղական զբոսաշրջությանը զարգացվում է (i) սկսնակների և տեղական զբոսաշրջային բիզնեսների բարելավման խթանման, ու (ii) նոր զբոսաշրջային պրոդուկտների մշակման միջոցով, որոնք նպաստում են արտասահմանյան զբոսաշրջիկների կողմից տեղական բիզնեսների արտադրանքի/ծառայությունների օգտագործմանը: Որպես արդյունք ճապոնական շուկային ներկայացվել են 20 (քսան) նոր ստեղծված զբոսաշրջային պրոդուկտներ: Ի հավելումն, իրականացվել է նաև դասընթաց հյուրատների ծառայությունների բարելավման վերաբերյալ:
- Ծուկայավարման հարթակներ, որոնք ստեղծվել էին Ծրագրի առաջին փուլի ընթացքում, որպես տեղական ապրանքների առաջնորդման խթանման միջոց՝ արտացոլելով սպառողների կարծիքները, շարունակվում է օգտագործվել: Մշակվել են շուկայավարման հարթակների նոր տեսակներ.  
(ա) Մասնակցություն առևտրային ցուցահանդեսներին՝ որպես միջոցառման տիպի միջազգային հարթակ: Ծրագիրը համակարգել է 3 (երեք) միջազգային ցուցահանդեսներին մասնակցություն: Ի հավելումն, ՓՄՁ ՉԱԿ-ը, այլ դոնորների հետ համագործակցությամբ, աջակցել է տեղական ՓՄՁ-ների 8 (ութ) միջազգային ցուցահանդեսներին մասնակցությանը,

որպեսզի ՓՄՁ-ները կարողանան ստեղծել/բարելավել իրենց արտադրանքը՝ հաշվի առնելով թիրախային շուկայի հաճախորդների կարծիքները: (ii) ՓՄՁ ՉԱԿ-ը, ԵՄ աջակցությամբ սկսել է Լոռու մարզում ճամփեգրյա կայանի կառուցումը, որը ենթադրվում է, որ տեղական ՓՄՁ-ներին հնարավորություն կտա վաճառել իրենց արտադրանքը և ներկայացնել տեղական զբոսաշրջային ծառայությունները: Ծրագիրը տրամադրել է տեխնիկական աջակցություն կայանի գործարկման ձեռնարկի մշակմանը:

- ՓՄՁ ՉԱԿ-ն ամրապնդել է տեղական ՓՄՁ-ների մշտադիտարկման մեխանիզմը և հավաքել տեղական ՓՄՁ-ների դրական փորձը: Դրանցից մի քանիսը ներկայացված են «ՄԳՄԱ հաջողության պատմություններ» նյութում:



**Պատկեր 2. Խորացված ՄԳՄԱ մեթոդի կիրառմամբ նոր ստեղծված մի քանի արտադրանքի օրինակներ**

**(3) Խորհուրդներ և քաղված դասեր**

Ծրագրի իրականացման միջոցով քաղվել են հետևյալ դասերը.

- Խորացված ՄԳՄԱ մեթոդն արդյունավետ է տեղական ՓՄՁ-ների մրցունակության ուժեղացման համար:
- Տեղային հարմարեցված դասընթացը, ուղեկցումը և հետևումն արդյունավետ է:
- Որակի վերահսկողության և շուկայավարման բարելավումը պարտադիր են միջազգային շուկաներում մրցակցելու համար:
- Միջազգային առևտրային ցուցահանդեսներին մասնակցությունն արդյունավետ է, եթե այն գույակցվում է ցուցադրողների կարողությունների զարգացման ծրագրով:
- Տեղական զբոսաշրջության զարգացումը արտադրության զարգացման հետ համատեղ արդյունավետ է սիներգետիկ ազդեցություն ստանալու համար:
- Շուկայավարման հարթակի շարունակական զարգացումն օգտակար է տեղական ՓՄՁ-ների համար:

Ծրագրի արդյունքների կայունության ամրապնդման համար խորհուրդները ներկայացվում են ստորև՝

ըստ (i) գիտելիքի տարածման և (ii) «Մեկ գյուղ, մեկ արտադրանքի» (ՄԳՄԱ) կիրառման համակարգի ամրապնդման:

- Ուժեղացնել ՓՄՁ ՉԱԿ-ի աշխատակիցների և գործարար զարգացման ծառայություններ մատուցողների կարողությունները:
- Ամրապնդել տեղական ՓՄՁ-ների սեփականության զգացումը իրենց իսկ զարգացման նկատմամբ:
- Շարունակական աջակցություն արտահանման խթանմանը՝ թիրախային շուկաների ընտրությամբ:
- Արագացնել տեղական ապրանքների զարգացման և ներքին գրոսաշրջության առաջնորդման ինտեգրումը:

#### **(4) Եզրակացություն**

ՃՄՀԳ-ն 6 (վեց) տարվա ընթացքում, 2013-2019թթ., իրականացրել է տեղական արտադրանքի զարգացման և տեղական ապրանքանիշերի առաջնորդման տեխնիկական աջակցության ծրագիր: Իրականացման ընթացքում համակարգվեց խորացված ՄԳՄԱ մեթոդի կիրառման միջոցով կարողությունների զարգացումը և այն կիրառվեց որպես վերապատրաստման ծրագիր ՓՄՁ-ներին աջակցություն տրամադրող կազմակերպությունների, ինչպիսիք են ՓՄՁ ՉԱԿ-ը և գործարար զարգացման ծառայություններ մատուցողները, ներկայացուցիչների համար: Տեղական տնտեսական զարգացումը, որը տանելու է քաղաքային և գյուղական շրջանների միջև տնտեսական տարբերության նվազմանը, պետք է համալրվի մեթոդի կայուն կիրառմամբ:

(ԱՎԱՐՏ)

**Annex 2 : Minitus meeings on amendment of the Record of Discussions**

**MINUTES OF MEETINGS  
BETWEEN  
JAPAN INTERNATIONAL COOPERATION AGENCY  
AND  
SMALL AND MEDIUM ENTERPREURSHIP DEVELOPMENT NATIONAL CENTRE OF  
ARMENIA (SMEDNC)  
FOR AMENDMENT OF THE RECORD OF DISCUSSIONS  
ON  
PROJECT FOR DEVELOPMENT OF LOCAL PRODUCTION AND PROMOTION OF  
LOCAL BRANDS PHASE2**

The Japan International Cooperation Agency (hereinafter referred to as "JICA") and Small and Medium Entrepreneurship Development National Centre of Armenia (hereinafter referred to as "SMEDNC") hereby agree that the Record of Discussions on Project for Development of Local Production and Promotion of Local Brands Phase2 signed on February 5, 2016 will be amended as attached hereto.

Yerevan, September 25, 2017



\_\_\_\_\_  
Katsutoshi Fushimi  
Chief Representative  
JICA Uzbekistan Office  
Japan International Cooperation Agency



\_\_\_\_\_  
Levon Mnatsakanyan  
Executive Director  
Small and Medium Entrepreneurship  
Development National Center of Armenia



Attachment

1. Beneficiaries

Before	Amended Version
No clarification	Ultimate Beneficiaries: Small and Medium Enterprises (SMEs) and Entrepreneurs in 10 regions (Marzer) Beneficiaries: SMEDNC
Reason: Clarify beneficiaries	

2. Indicator of Overall Goal (1)

Before	Amended Version
The number of the SME participants in Armenian OVOP movement is increased.	The number of the SME participants in Armenian OVOP movement is increased up to 400 SMEs.
Reason: Adding numerical indicator (40 SMEs per region on average)	

3. Indicator of Overall Goal (2)

Before	Amended Version
The number of raw material providers (Armenian farmers and businesses) for the SME participants in Armenian OVOP movement is increased.	The number of raw material providers (Armenian farmers and businesses) for the SME participants in Armenian OVOP movement is increased by 2000.
Reason: Adding numerical indicator (50 providers per SME on average)	

4. Indicator of Overall Goal (3)

Before	Amended Version
The number of raw material providers (Armenian farmers and businesses) for the SME participants in Armenian OVOP movement is increased.	Income of local SMEs is increased by 30% in 3 years.
Reason: Increase of income of local SMEs is more appropriate to verify improvement of local economic development (increase 10% annually on average).	

5. Indicator of Overall Goal (4)

Before	Amended Version
The number of national and international tourists who come to Armenian local communities of OVOP participants is increased.	Deleted
Reason: It is not possible to measure the number of national and international tourists who particularly intend to enjoy services based on OVOP.	

6. Means of Verification (4)

Before	Amended Version
Data collected by SMEDNC and/or public statistics	Deleted
Reason: Indicator of Overall Goal (4) is deleted.	

7. Important Assumptions (Project Purpose to Overall Goal)

Before	Amended Version
None	Political and economic condition of the country is stable.
Reason: Enterprise activities and number of tourists visited from other countries may be affected by political and economic conditions.	

8. Indicators of Output 2

Before	Amended Version
2-2 At least 80 businesses are newly registered in a formal way, by the end of 2018.	2-2 At least 80 start-ups are operating actively by the end of 2018. 2-3 At least 50 SMEs think that they are applying Advanced Armenian OVOP method in their business.
Reason: 2-2 To propose to amend the indicators which show the sustainability of SMEs activities who have received training utilized Advanced OVOP method. 2-3 To propose to add the indicator to verify whether SME owners and entrepreneurs think that they are applying Advanced OVOP method in their business.	

9. Means of Verification for Output 2

Before	Amended Version
None	2-3 Questionnaire survey & monitoring
Reason: 2-3 Questionnaire survey is appropriate for quantitative observation of application status of OVOP method.	

#### 10. Indicators of Output 3

Before	Amended Version
3-1 At least 5 Armenian products are newly introduced for foreign markets, including: Georgian, Russian, Japanese, and/or European markets, by the end of 2018.	3-1 At least 5 Armenian products have a new international business linkage, by the end of 2018.
<p>Reason:                      "Introduced" has a broad meaning from just presenting products to foreign market to starting business.                      Names of countries are deleted as business can be linked in any country.</p>	

#### 11. Output 4

Before	Amended Version
Tourism circuits which cover different Armenian OVOP pilot sites are promoted for both domestic and foreign tourists, including the Japanese tourists.	Tourism in OVOP pilot area is promoted for both domestic and foreign tourists, including the Japanese tourists.
<p>Reason:                      Promotion of circuits/routes is not the goal of activities for tourism component. Tourism circuits (routes) will be regarded one of expected tourism products indicated in indicator 4-3.</p>	

#### 12. Indicators of Output 4

Before	Amended Version
4-2 The number of the guests, who stay at the B&Bs participating in Armenian OVOP movement, is increased.	4-2 Services of SMEs is improved in the manner of advanced OVOP method. 4-3 At least 20 tourism products are developed utilizing Advanced Armenian OVOP method.
<p>Reason:                      4-2 Modify to the indicator that represents the result of technical and financial assistance utilizing advanced OVOP method.                      4-3. Modify to the indicator that represents the result of development of tourism products.</p>	

### 13. Activities for Output 4

Before	Amended Version
<p>4-1 The Project team designs the tourism circuit. (including connecting to tourism circuit of neighboring countries such as Georgia)</p> <p>4-2 SMEDNC provides local SMEs and entrepreneurs, which participate in the tourism circuit, with technical and financial assistance.</p>	<p>4-1 The Project team develops the tourism products (ex. catalogues of B&amp;B, informational materials, touristic places, etc.)</p> <p>4-2 SMEDNC provides local SMEs and entrepreneurs, which participate in the tourism routes, with technical and financial assistance to improve services.</p>
<p>Reason:</p> <p>4-1. Project team support development of tourism products first to promote the tourism services developed.</p> <p>4-2. Provision of technical and financial assistance comes with utilizing the tourism products developed for improvement of services.</p>	

### 14. Activities for Output 5

Before	Amended Version
<p>5-1 The Project team reinforces the marketing platforms developed by the Project Phase1, adding new practices*.</p> <p>* One of the new practices of the marketing platform to be developed in the Project should be a Roadside Station, as long as European Union (EU) will have approved the SMEDNC's proposal on it.</p>	<p>5-1 The Project team reinforces the marketing platforms developed by the Project Phase1, adding new practices*.</p> <p>* One of the new practices of the marketing platform to be developed in the Project should be a Roadside Station, as long as it is constructed and inaugurated during the Project implementation period.</p> <p>⇒Move to pre-condition</p>
<p>Reason:</p> <p>European Union (EU) has already approved the SMEDNC's proposal on the Road Side Station.</p> <p>However, construction and inauguration of RSS during the project implementation period is pre-condition for the project to implement activity 5-1.</p>	

### 15. Indicators for Output 6

Before	Amended Version
None	6-3 SMEDNC staff utilize data base and realize periodically quantitative monitoring.
<p>Reason:</p> <p>It is important to realize quantitative monitoring for sustainability and effective activities.</p>	

16. Means of Verification of Indicators

Before	Amended Version
None	6-3 Interview to SMEDNC staff by the project team
Reason: It is important to realize quantitative monitoring for sustainability and effective activities.	

17. New activity added

Before	Amended Version
None	Common activity: Conduct end line survey to collect information for indicators
Reason: The end line survey is needed to collect information for indicators of each indicator in PDM. The result will be used as the base line for the indicator of Overall Goal as well.	

18. Input (Japanese Side)

Before	Amended Version
<p>1. Experts*</p> <p>*All of the JICA experts should manage Armenian OVOP method, which mainly consists of branding and kaizen, based on Armenian OVOP concept.</p> <ul style="list-style-type: none"> <li>• Expert on SME development policy/PPP (Public Private Partnership) for the operation of marketing platforms.</li> <li>• Expert on SME business administration &amp; marketing</li> <li>• Expert on Linkage with Japanese private sector/ international trade marketing</li> <li>• Expert on tourism development</li> <li>• Expert on food packaging and standards</li> </ul> <p>(One of the experts will act as Chief Advisor of the Project.)</p> <p>2. Training in Japan and/or third countries: 8 - 10 persons x 5 times</p>	<p>1. Experts*</p> <p>*All of the JICA experts should manage Armenian OVOP method, which mainly consists of branding and kaizen, based on Armenian OVOP concept.</p> <ul style="list-style-type: none"> <li>• Chief Advisor/SME development policy</li> <li>• SME business administration</li> <li>• International marketing</li> <li>• Tourism development</li> <li>• Project Coordinator/food sanitation and packaging</li> </ul> <p>2. Training in Japan (3 times) and third countries (Thailand and Singapore): around 10 trainees in each training</p> <p>3. Provision of Equipment</p> <ul style="list-style-type: none"> <li>• 10 printers MFU (Multi-function) (for SMEDNC regional offices)</li> <li>• 2 printers MFU WIFI (for SMEDNC</li> </ul>

<p>3. Provision of Equipment (Draft)</p> <ul style="list-style-type: none"> <li>• 10 printers MFU (Multi-function) (for SMEDNC regional offices)</li> <li>• 2 printers MFU WIFI (for SMEDNC central office)</li> <li>• 15 laptop computers (for SMEDNC regional offices)</li> <li>• 10 digital cameras for monitoring</li> <li>• Production equipment for leasing and training</li> </ul>	<p>central office)</p> <ul style="list-style-type: none"> <li>• 17 laptop computers (for SMEDNC regional offices and for ICT training)</li> <li>• 1 laptop computer with multi-function (for PR materials)</li> <li>• 10 digital devices with camera</li> <li>• 1 interactive projector</li> <li>• 1 large size monitor</li> <li>• Production equipment for leasing and training</li> </ul>
<p>Reason: Amendment based upon discussion with Armenian side for efficient and effective Project operation.</p>	

19. Input (Armenian Side)

Before	Amended Version
<p>1. Assignment of Counterpart Personnel</p> <ul style="list-style-type: none"> <li>• Project director (SMEDNC executive director)</li> <li>• Project manager (International cooperation program coordinator)</li> <li>• Training coordinator</li> <li>• Financial assistance coordinator</li> <li>• Local economic development coordinator</li> </ul>	<p>1. Assignment of Counterpart Personnel</p> <ul style="list-style-type: none"> <li>• Project director (SMEDNC executive director)</li> <li>• Project manager (SMEDNC Deputy Executive Director and Head of International cooperation programs Division)</li> <li>• Head of Training Support programs Division</li> <li>• Head of Financial Support programs Division</li> <li>• Head of Local economic development programs Division</li> </ul>
<p>Reason: Amendment based upon approval in 1st JCC meeting. Position and names of division are clarified.</p>	

This amendment will become effective as of September 25, 2017.

- Annex 1 : Main Points Discussed
- Annex 2 : Record of Discussions (signed on February 5, 2016)
- Annex 3 : Project Design Matrix (PDM) Version 1
- Annex 4 : Plan of Operation (PO) Version 1

**MAIN POINTS DISCUSSED**

- Both parties reassured that “Advanced Armenian OVOP method” should be applied by SMEDNC, for promoting local SMEs’ activities including international marketing, quality improvement and export promotion, in a harmonized manner with the other SMEDNC’s tools, SME State Support Annual Programmes and the other international cooperation programmes.
- Both parties reconfirmed that certified OVOP trainers shall contribute to support for local SMEs’ activities, applying Advanced OVOP method. It should be analyzed the possibility that SMEDNC would realize further ToT to foster more business trainers who can utilized Advanced OVOP method.
- Both parties agreed that SMEDNC shall monitor the progress of the Project and the result of activities applied to local SMEs, utilizing Data-Base which is been constructing by the Project.
- Both sides agreed the Project shall realize technical assistance for sustainable operation of Road Side Station and effective use of it for local SMEs and local brand development within the range that the Project not be affected by any kind of amendment of Roadside Station facilities construction plan done by third parties.
- Both parties agreed that the Project focus on Japanese and South-East Asian countries’ market to practice export promotion of local production, including tourism production, in relevant activities of Outputs 3 and 4, and agreed that the training courses in Japan and Singapore shall be used as opportunities to participate in international trade-fairs.
- Regarding previous article, both parties agreed that Armenian trainees shall be selected from both public and private sectors, as it is important that local SMEs practice exhibition and business matching of their products in international markets and SMEDNC shall systematize the participation of international trade-fairs in SME development programmes, utilizing Advanced Armenian OVOP method.
- Both parties agreed that the equipment provided by the Japanese side should be used exclusively for the Project purpose.

(END)

**RECORD OF DISCUSSIONS**  
**ON**  
**PROJECT FOR DEVELOPMENT OF LOCAL PRODUCTION AND**  
**PROMOTION OF LOCAL BRANDS PHASE2**  
**IN**  
**THE REPUBLIC OF ARMENIA**  
**AGREED UPON BETWEEN**  
**SMALL AND MEDIUM ENTREPRENEURSHIP DEVELOPMENT**  
**NATIONAL CENTER OF ARMENIA**  
**AND**  
**JAPAN INTERNATIONAL COOPERATION AGENCY**

Yerevan, February 5, 2016



Takafumi Ueda  
Senior Advisor  
Japan International Cooperation  
Agency



Gegham Petrosyan  
Executive Director  
Small and Medium Entrepreneurship  
Development National Center of  
Armenia



In response to the official request of the Government of the Republic of Armenia to the Government of Japan, the Japan International Cooperation Agency (hereinafter referred to as "JICA") held a series of discussions with Small and Medium Entrepreneurship Development National Center of Armenia (hereinafter referred to as "SMEDNC") and relevant organizations to develop a detailed plan of the Project for Development of Local Production and Promotion of Local Brands Phase2 (hereinafter referred to as "the Project").

Both parties agreed the details of the Project and the main points discussed as described in the Appendix 1 and the Appendix 2 respectively.

Both parties also agreed that SMEDNC, the counterpart to JICA, will be responsible for the implementation of the Project in cooperation with JICA, coordinate with other relevant organizations and ensure that the self-reliant operation of the Project is sustained during and after the implementation period in order to contribute toward social and economic development of the Republic of Armenia.

The Project will be implemented within the framework of the Agreement on Technical Cooperation signed on June 8, 2005 (hereinafter referred to as "the Agreement") and the Note Verbales to be exchanged between the Government of Japan (hereinafter referred to as "GOJ") and the Republic of Armenia.

Appendix 1: Project Description  
Appendix 2: Main Points Discussed



## PROJECT DESCRIPTION

### **I. BACKGROUND**

The Government of the Republic of Armenia has followed the Small and Medium Enterprise (SME) State Support Strategy developed in 2000 for over a decade. The SME support programs have been elaborated and implemented every year based on the strategy. One of the important issues in recent years is to reinforce regional and local SMEs for increasing income and employment in rural areas. It is also recognized that it is important to identify and support those people in the rural areas who are willing to take initiatives to help themselves.

The Government of the Republic of Armenia requested Japanese technical cooperation in order to introduce and apply the One Village One Product (OVOP) approach in the country. As a result, the project named as Project for Development of Local Production and Promotion of Local Brands (hereinafter referred to as "the Project Phase1") was initiated by SMEDNC with the technical assistance of JICA as of March 2013 for the duration of three (3) years. The Project Phase1 puts emphasis on the development of marketing platforms to support local small businesses.

The Project Phase1 has been successfully implemented in close collaboration with the implementing agency, SMEDNC. The effectiveness of the project is evaluated as relatively high. The project purpose is likely to be achieved by the end of the scheduled completion, based duly to the achievements of the outputs of the project.

The Government of the Republic of Armenia requested the Project so that the positive outputs and impacts generated by the Project Phase1 can be diffused all over the country.

As the private sector development and the rural development are GOJ's priority support areas for the Republic of Armenia, Japanese side made a commitment on the implementation of the project in January 2016.

### **II. OUTLINE OF THE PROJECT**

Details of the Project are described in the Logical Framework (Project Design Matrix: PDM) (Annex 1) and the Plan of Operation (Annex 2).

Outputs, Activities, Input by JICA, Project Site(s), Duration, and Evaluation described in the following are tentative. Objectively Verifiable Indicators described in the PDM are also tentative.

The outline of the Project will be further discussed and iteratively adjusted during the course of the Project implementation, and it will be finalized within one (1) year from the start of the Project. The Record of Discussions will be amended, if necessary, in order to finalize the outline.

**1. Title of the Project**

Project for Development of Local Production and Promotion of Local Brands Phase2

**2. Overall Goal**

Armenian OVOP movement promoted by SMEDNC contributes to local economic development of the country.

**3. Project Purpose**

Armenian OVOP movement promoted by SMEDNC contributes to improving the competitiveness of the local SMEs and entrepreneurs in both national and international markets, including Japanese, European and/or neighboring countries' markets.

**4. Outputs**

Output 1: The technical capacity of SMEDNC experts and BDS (business development service) providers is further developed in terms of wide application of "Advanced" Armenian OVOP method<sup>1</sup>.

Output 2: The technical capacity of local SMEs and entrepreneurs is developed.

Output 3: The export of Armenian local products is promoted for international markets, including the Japanese, European and/or neighboring countries' markets.

Output 4: Tourism circuits which cover different Armenian OVOP pilot sites are promoted for both domestic and foreign tourists, including the Japanese tourists.

Output 5: Marketing platforms<sup>2</sup>, including a roadside station, work for local business development.

Output 6: The project activities on Armenian OVOP movement are monitored, and the lessons learned from the activities are used for local SME development.

**5. Activities**

1-1. The project team<sup>3</sup> upgrades Armenian OVOP method.

1-2. The project team plans the ToT (training of trainers) on "Advanced" Armenian OVOP method, adding new kaizen tools.

1-3. The project team provides SMEDNC and BDS providers with the ToT on "Advanced" Armenian OVOP method.

2-1. Armenian local businesses, which have already participated in Armenian

<sup>1</sup> "Advanced" Armenian OVOP method can consist of (i) marketing platform operation, including roadside station, (ii) knowledge of the international market demand on Armenian products, including basic knowledge on food packaging and standard, and (iii) tourism promotion methods, besides the basic OVOP method including branding, merchandizing and kaizen.

<sup>2</sup> Marketing platforms developed by the Project Phase1 include: event type (exhibitions of local products in the festival), monitor type (Facebook marketing and consumer market survey by questionnaire) and shop type (mini-antenna shops at B&Bs).

<sup>3</sup> The project team consists of SMEDNC staff and JICA experts.



OVOP activities promoted by the Project Phase1, improve their management and products.

2-2. Newly 200 entrepreneurs (20 persons x 10 regions) participate in the start-up training, incorporating Armenian OVOP method.

2-3. SMEDNC applies various tools of "Advanced" Armenian OVOP method for the growth of local SMEs.

3-1. SMEDNC provides OVOP participants (SMEs) which intend to export their products to international markets, with the assistance for improving their products to meet international market requirements.

3-2. The project team promotes business matching between Armenian SMEs and the Japanese enterprises and markets.

3-3. The project team facilitates the participation of the SMEs in international trade fairs.

3-4. SMEDNC staff and Armenian business owners participate in the training courses in Japan.

4-1. The project team designs the tourism circuit.  
(including connecting to tourism circuit of neighboring countries such as Georgia)

4-2. SMEDNC provides local SMEs and entrepreneurs, which participate in the tourism circuit, with technical and financial assistance.

4-3. The project team promotes Armenian tourism products to the Japanese and/or European tourism agencies and consumers.

5-1. The project team reinforces the marketing platforms developed by the Project Phase1, adding new practices<sup>4</sup>.

5-2. SMEDNC develops new practices of the marketing platform, with the technical assistance of the JICA experts team.

6-1. SMEDNC monitors the project activities, which shall be announced widely by mass media.

6-2. SMEDNC elaborates the quarterly progress reports, with the assistance of the JICA experts team.

6-3. SMEDNC applies the lessons learned from the project activities in different works for SME development.

#### 6. Input

##### (1) Input by JICA

##### (a) Dispatch of Experts

Japanese Experts will be dispatched in accordance with the needs for the effective implementation of the Project.

Their areas of expertise could include:

- SME development policy / PPP (Public Private Partnership) for the operation of the marketing platforms

<sup>4</sup> One of the new practices of the marketing platform to be developed in the Project should be a Roadside Station as long as European Union (EU) will have approved the SMEDNC's proposal on it.

- SME business administration & marketing
- Linkage with Japanese private sector/ international trade marketing
- Tourism development
- Food packaging and standards

One of the experts will act as Chief Advisor of the Project.

(b) Training

JICA will receive personnel involved in the Project for technical training in Japan and /or the third countries.

(c) Machinery and Equipment

JICA will provide equipment necessary for the Project activities.

In case of importation, the machinery, equipment and other materials under II-6 (1) (c) above will become the property of the SMEDNC upon being delivered C.I.F. (cost, insurance and freight) to the Republic of Armenia authorities concerned at the ports and/or airports of disembarkation.

(2) Input by SMEDNC

SMEDNC will take necessary measures to provide at its own expense:

- (a) Services of SMEDNC's counterpart personnel and administrative personnel as referred to in II-7;
- (b) Suitable office space with necessary equipment;
- (c) Supply or replacement of machinery, equipment, instruments, vehicles, tools, spare parts and any other materials necessary for the implementation of the Project other than the equipment provided by JICA;
- (d) Means of transport and travel allowances for the JICA experts for official travel within the Republic of Armenia;
- (e) Suitable furnished accommodation for the JICA experts and their families;
- (f) Information as well as support in obtaining medical service;
- (g) Credentials or identification cards;
- (h) Available data (including maps and photographs) and information related to the Project;
- (i) Running expenses necessary for the implementation of the Project;
- (j) Expenses necessary for transportation within the Republic of Armenia of the equipment referred to in II-6 (1) as well as for the installation, operation and maintenance thereof; and
- (k) Necessary facilities to the JICA experts for the remittance as well as utilization of the funds introduced into the Republic of Armenia from Japan in connection with the implementation of the Project.

7. Implementation Structure

The project organization chart is given in the Annex 3. The roles and assignments of relevant organizations are as follows:

(1) SMEDNC

(a) Project Director

Executive Director of SMEDNC will be responsible for overall administration and implementation of the Project.

(b) Project Manager

International Cooperation Programs Coordinator will be responsible for managerial and technical matter of the Project.

(2) JICA Experts

The JICA experts will give necessary technical guidance, advice and recommendations to SMEDNC on any matters pertaining to the implementation of the Project.

(3) Joint Coordinating Committee

Joint Coordinating Committee (hereinafter referred to as "JCC") will be established in order to facilitate inter-organizational coordination. JCC will be held at least once a year and whenever deems it necessary. JCC will review the progress, revise the overall plan when necessary, approve an annual work plan, conduct evaluation of the Project, and exchange opinions on major issues that arise during the implementation of the Project. A list of proposed members of JCC is shown in the Annex 4.

8. Project Site(s) and Beneficiaries

The target area of the Project is the Republic of Armenia. Main target beneficiaries are SMEDNC, as well as those who take part in the pilot projects.

9. Duration

The duration of the Project will be three (3) years from the date when the first Japanese expert is dispatched.

10. Reports

SMEDNC and JICA experts will jointly prepare the following reports in English.

(1) Monitoring Sheet on semiannual basis until the project completion

(2) Project Completion Report at the time of project completion

11. Environmental and Social Considerations

SMEDNC will abide by 'JICA Guidelines for Environmental and Social Considerations' in order to ensure that appropriate considerations will be made for the environmental and social impacts of the Project.

**III. UNDERTAKINGS OF SMEDNC**

1. SMEDNC will take necessary measures to:

(1) ensure that the technologies and knowledge acquired by the Republic of Armenia nationals as a result of Japanese technical cooperation

contributes to the economic and social development of the Republic of Armenia, and that the knowledge and experience acquired by the personnel of the Republic of Armenia from technical training as well as the equipment provided by JICA will be utilized effectively in the implementation of the Project; and

- (2) grant privileges, exemptions and benefits to the JICA experts referred to in II-6 above and their families, which are no less favorable than those granted to experts and members of the missions and their families of third countries or international organizations performing similar missions in the Republic of Armenia.

#### **IV. MONITORING AND EVALUATION**

JICA and the SMEDNC will jointly and regularly monitor the progress of the Project through the Monitoring Sheets based on the Project Design Matrix (PDM) and Plan of Operation (PO). The Monitoring Sheets will be reviewed every six (6) months.

Also, Project Completion Report will be drawn up one (1) month before the termination of the Project.

JICA will conduct the following evaluations and surveys to verify sustainability and impact of the Project.

1. Ex-post evaluation three (3) years after the project completion, in principle
2. Follow-up surveys on necessity basis

#### **V. PROMOTION OF PUBLIC SUPPORT**

For the purpose of promoting support for the Project, SMEDNC will take appropriate measures to make the Project widely known to the people of the Republic of Armenia.

#### **VI. MISCONDUCT**

If JICA receives information related to suspected corrupt or fraudulent practices in the implementation of the Project, SMEDNC and relevant organizations will provide JICA with such information as JICA may reasonably request, including information related to any concerned official of the government and/or public organizations of the Republic of Armenia.

SMEDNC and relevant organizations will not, unfairly or unfavorably treat the person and/or company which provided the information related to suspected corrupt or fraudulent practices in the implementation of the Project.

#### **VII. MUTUAL CONSULTATION**

JICA and SMEDNC will consult each other whenever any major issues arise in the course of Project implementation.



**VIII. AMENDMENTS**

The record of discussions may be amended by the minutes of meetings between JICA and SMEDNC. However, PO may be amended in the Monitoring Sheets. The minutes of meetings will be signed by authorized persons of each side who may be different from the signers of the record of discussions.

- Annex 1 Logical Framework (Project Design Matrix:PDM)
- Annex 2 Tentative Plan of Operation
- Annex 3 Project Organization Chart
- Annex 4 A List of Proposed Members of Joint Coordinating Committee





**MAIN POINTS DISCUSSED**

- Both sides agreed that a Roadside Station should be a new marketing platform to be developed in the Project, subject to the approval of European Union (EU) funding of the SMEDNC's proposal.
- SMEDNC requested that some machinery and equipment (e.g. packaging machine) provided by JICA in the Project would need to be leased to some leading SMEs and/or entrepreneurs to demonstrate the effectiveness and to train other SMEs and/or entrepreneurs as was the case in the Project Phase1. The JICA team responded that necessity and feasibility would need to be considered in relevant activities of Outputs 2 and 3, taking into account availability of the Project's budget.
- SMEDNC also requested that an additional vehicle would be needed to supervise activities in the target area which is all 10 marzes in the Project. The JICA team confirmed the necessity of additional transportation, but whether to purchase or lease it would need to be considered, taking into account availability of the Project's budget. Both sides reconfirmed that the vehicle should be used primarily by JICA experts in order to implement the technical transfer by the experts efficiently.
- SMEDNC pointed out that there is a possibility to utilize international trade fairs and tourism expositions in Japan and other countries in relevant activities of Outputs 3 and 4. The JICA team agreed and mentioned that the training courses in Japan can be used as opportunities to promote Armenian products, including tourism products, in the Japanese market. Including Armenian private sector participants in such courses could increase the effectiveness as have been demonstrated in similar projects in other countries.
- SMEDNC also pointed out that the Project could explore the possibilities of linking to the Islamic Republic of Iran in Activity 4-1. The JICA team agreed.



## Project Design Matrix

**Project Title:** Project for Development of Local Production and Promotion of Local Brands Phase2  
**Implementing Agency:** Small and Medium Entrepreneurship Development National Center of Armenia (SMEDNC)  
**Target Group:** 10 regions (Marzes) of Armenia  
**Period of Project:** July 2016 to June 2019 (Tentative Plan)  
**Project Site:** 10 regions (Marzes) of Armenia (Tentative Plan)

**Version 0**  
**Dated Feb,5,2016**

Narrative Summary	Objectively Verifiable Indicators (Tentative Plan)	Means of Verification	Important Assumption	Achievement	Remarks
<b>Overall Goal</b> Armenian OVOP movement promoted by SMEDNC contributes to local economic development of the country.	1. The number of the SME participants in Armenian OVOP movement is increased. 2. The number of employees hired by the SME participants in Armenian OVOP movement is increased. 3. The number of raw material providers (Armenian farmers and businesses) for the SME participants in Armenian OVOP movement is increased. 4. The number of national and international tourists who come to Armenian local communities of OVOP participants is increased.	Data collected by SMEDNC Data collected by SMEDNC Data collected by SMEDNC Data collected by SMEDNC and/or Public statistics			
<b>Project Purpose</b> Armenian OVOP movement promoted by SMEDNC contributes to improving the competitiveness of the local SMEs and entrepreneurs in both national and international markets, including Japanese, European and/or neighboring countries' markets.	1. All of Armenian 10 regions (Marzes) have newly branded products*. <small>*Including branded products in the Project Phase1</small> 2. Positive changes such as the increase in sales, increased number of clients, increased employees, access to new markets and/or the other indicators are observed in at least 60 SME participants in Armenian OVOP movement. 3. SMEDNC independently supports Armenian OVOP movement in all of 10 regions (Marzes) utilizing "Advanced" Armenian OVOP method, including seminar and/or training.	Monitoring record Monitoring record Monitoring record	Other necessary actions to achieve the overall goal are taken by SMEDNC.		

Outputs	Objectively Verifiable Indicators (Tentative Plan)	Means of Verification	Important Assumption	Achievement	Remarks
1. The technical capacity of SMEDNC experts and BDS (business development service) providers is further developed in terms of wide application of "Advanced" Armenian OVOP method*. <small>*"Advanced" Armenian OVOP method consists of (i) marketing platform operation, including roadside station, (ii) knowledge of the transportation routes covered on Armenian products, including basic knowledge on food packaging and standard, and (iii) tourism promotion methods, besides the basic OVOP method including branding, merchandising and sales.</small>	1-1. At least 10 SMEDNC staff members and 10 BDS providers apply "Advanced" Armenian OVOP method in their works for SME development. 1-2. New textbooks on "Advanced" Armenian OVOP method are published by June 2017.	Interview to SMEDNC staff by the project team Monitoring record	Trained SMEDNC staff continues to be involved in the project.		
2. The technical capacity of local SMEs and entrepreneurs is developed.	2-1. At least 200 entrepreneurs (20 persons x 10 regions) are newly trained in start-up trainings incorporating basic Armenian OVOP method, by the end of 2018. 2-2. At least 80 businesses are newly registered in a formal way, by the end of 2018.	Monitoring record Monitoring record			
3. The export of Armenian local products is promoted for international markets, including Japanese, European and/or neighboring countries' markets.	3-1. At least 5 Armenian products are newly introduced for foreign markets, including: Georgian, Russian, Japanese, and/or European markets, by the end of 2018. 4-1. New tourism product is introduced for foreign markets, including, Japanese and/or European markets.	Products introduced for foreign markets Tourism product introduced for foreign markets			
4. Tourism circuits which cover different Armenian OVOP pilot sites are promoted for both domestic and foreign tourists, including the Japanese tourists.	4-2. The number of the guests, who stay at the SBSs participating in Armenian OVOP movement, is increased.	Data collected by SMEDNC			
5. Marketing platforms*, including a roadside station, work for local business development. <small>*Marketing platforms developed by the Project Phase1 include: event type exhibitions of local products in the markets, mobile type (roadside marketing and consumer market survey by questionnaire) and shop type (road stations, shops at SBSs).</small>	5-1. The marketing platforms established by the Project Phase1 work for local product development in a continuous manner. 5-2. At least 2 new practices of the marketing platform are developed, by applying the platform manual elaborated by the Project Phase1.	Conventional platforms working in a continuous way New 2 platforms working for SME marketing activities			

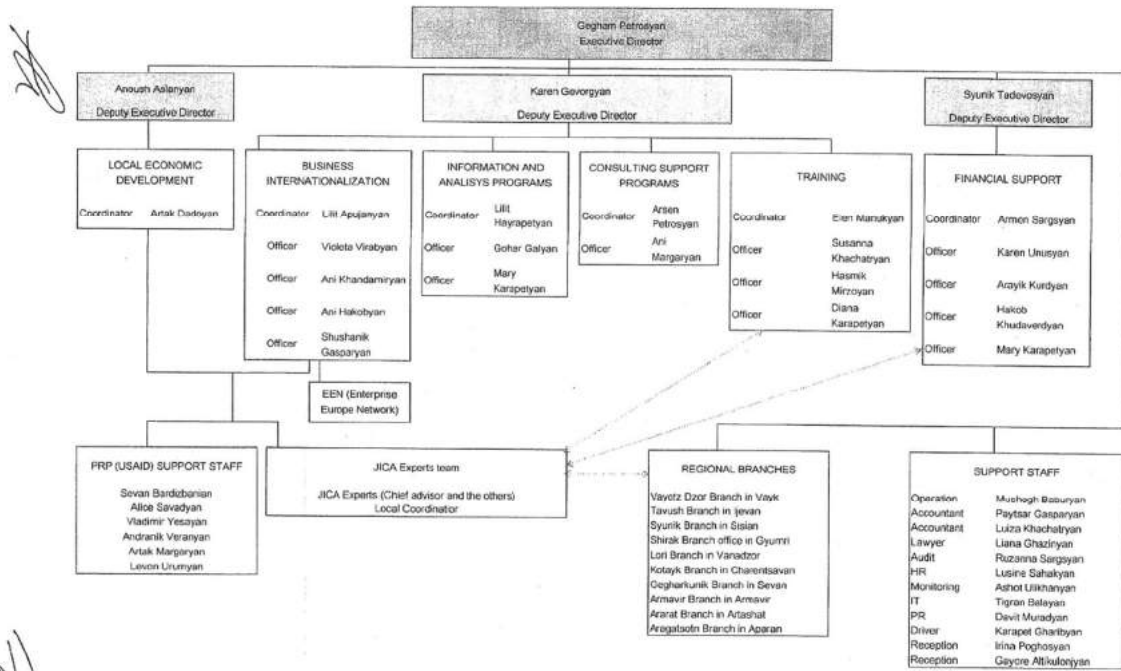
<p>6. The project activities on Armenian OVOP movement are monitored, and the lessons learned from the activities are used for local SME development.</p>	<p>6-1. The quarterly progress reports of the project activities are elaborated. 6-2. At least 10 SMEDNC staff members apply the lessons learned from the project activities in different tasks related to SME promotion.</p>	<p>Quarterly progress reports Interview to SMEDNC staff by the project team</p>	
Activities (Tentative Plan)	Inputs (Tentative Plan)		Important Assumption
<p>1-1. The project team* upgrades Armenian OVOP method. <small>*The project team consists of SMEDNC staff and JICA experts.</small></p> <p>1-2. The project team plans the ToT (training of trainers) on "Advanced" Armenian OVOP method, adding new kaizen tools.</p> <p>1-3. The project team provides SMEDNC and BDS providers with the ToT on "Advanced" Armenian OVOP method.</p> <p>2-1. Armenian local businesses, which have already participated in Armenian OVOP activities promoted by the Project Phase I, improve their management and products.</p> <p>2-2. Newly 200 entrepreneurs (20 persons x 10 regions) participate in the start-up training, incorporating Armenian OVOP method.</p> <p>2-3. SMEDNC applies various tools of "Advanced" Armenian OVOP method for the growth of local SMEs.</p> <p>3-1. SMEDNC provides OVOP participants (SMEs) which intend to export their products to international markets, with the assistance for improving their products to meet international market requirements.</p>	<p><b>The Japanese Side</b></p> <ul style="list-style-type: none"> <li>- Experts*</li> <li><small>*All of the JICA experts should manage Armenian OVOP method, which mainly consists of training and advice, based on Armenian OVOP concept.</small></li> <li>- Expert on SME development policy/ PPP (Public Private Partnership) for the operation of the marketing platforms</li> <li>- Expert on SME business administration &amp; marketing</li> <li>- Expert on Linkage with Japanese private sector/ International trade marketing</li> <li>- Expert on tourism development</li> <li>- Expert on food packaging and standards (One of the experts will act as Chief Advisor of the Project.)</li> <li>- Training in Japan and/or the third countries: 8 - 10 persons x 5 times</li> <li>- Provision of Equipment (Draft)</li> <li>- 10 printers MFJ (Multi-Function) (for SMEDNC regional offices)</li> <li>- 2 printers MFJ WIFI (for SMEDNC central office)</li> <li>- 15 laptop computers (for SMEDNC regional offices)</li> <li>- 10 digital cameras for monitoring</li> <li>- Production equipment for leasing and training</li> </ul>	<p><b>The Armenian Side</b></p> <ul style="list-style-type: none"> <li>- Assignment of Counterpart Personnel</li> <li>- Project director (SMEDNC associate director)</li> <li>- Project manager (International cooperation program coordinator)</li> <li>- Training coordinator</li> <li>- Financial assistance coordinator</li> <li>- Local economic development coordinator</li> <li>- Office for the JICA experts team</li> <li>- Local cost (operational expenses)</li> </ul>	<p><b>Pre-Conditions</b></p>

<p>3-2. The project team promotes business matching between Armenian SMEs and the Japanese enterprises and markets.</p> <p>3-3. The project team facilitates the participation of the SMEs in international trade fairs.</p> <p>3-4. SMEDNC staff and Armenian business owners participate in the training courses in Japan.</p> <p>4-1. The project team designs the tourism circuit. (including connecting to tourism circuit of neighboring countries such as Georgia)</p> <p>4-2. SMEDNC provides local SMEs and entrepreneurs, which participate in the tourism circuit, with technical and financial assistance.</p> <p>4-3. The project team promotes Armenian tourism products to Japanese and/or European tourism agencies and consumers.</p> <p>5-1. The project team reinforces the marketing platforms developed by the Project Phase I, adding new practices*. <small>*One of the new practices of the marketing platform to be developed in the Project should be a Roadside Station, as long as European Union (EU) will have approved the SMEDNC's proposal on it.</small></p> <p>5-2. SMEDNC develop new practices* of the marketing platform, with the technical assistance of the JICA experts team.</p> <p>6-1. SMEDNC monitors the project activities, which shall be announced widely by mass media.</p> <p>6-2. SMEDNC elaborates the quarterly progress reports, with the assistance of the JICA experts team.</p> <p>6-3. SMEDNC applies the lessons learned from the project activities in different works for SME development.</p>	<ul style="list-style-type: none"> <li>- Project Activity Cost (local cost support) for local consultants, publication, PR (Public relations) and so on.</li> </ul>		<p style="text-align: center;">↓</p> <p style="text-align: center;">-Issues and countermeasures-</p>
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Monitoring Plan	1st Year		2nd Year		3rd Year		4th Year		5th Year		6th Year		7th Year		8th Year		9th Year		10th Year		Remarks	Issuo	Soultion	
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug				Sep
Monitoring																								
Joint Coordinating Committee																								
Setup the Detailed Plan of Operation																								
Submission of Monitoring Report																								
Monitoring Mission																								
Joint Monitoring																								
Plan Monitoring																								
Report/Document																								
Progress Report																								
Project Completion Report																								
PUBLIC RELATIONS																								
Seminar for public																								



A List of Proposed Members of Joint Coordinating Committee

Joint Coordinating Committee (JCC) will be established in order to facilitate inter-organizational coordination. JCC will be held at least once a year and whenever deemed it necessary.

1. Functions of JCC

- To approve an annual work plan of the Project,
- To review overall progress, conduct monitoring and evaluation of the Project,
- To exchange opinions on major issues that arise during the implementation of the Project.

2. Composition

Armenia side

- First Deputy Minister, Ministry of Economy (Chair)
- Executive Director, SMEDNC
- International Cooperation Programs Coordinator, SMEDNC

Japan side

- JICA Chief Advisor and other experts
- JICA Uzbekistan Office

Observers

- Embassy of Japan
- USAID
- UNDP
- GIZ (To be decided)

3. Notes

- Other observers may attend the JCC meetings upon the agreement between the Project Director and JICA.





## Project Design Matrix

**Project Title:** Project for Development of Local Production and Promotion of Local Brands Phase2  
**Implementing Agency:** Small and Medium Entrepreneurship Development National Centre of Armenia (SMEDNC)  
**Beneficiaries:** (Ultimate beneficiaries) Small and Medium Enterprises and Entrepreneurs in 10 regions (Marzer)  
 (Beneficiaries) SMEDNC

Version 1  
 Dated 25th September, 2017

**Period of Project:** July 2016 to July 2019

**Project Site:** 10 regions (Marzer) of Armenia

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumption	Achievement	Remarks
<b>Overall Goal</b> Armenian OVOP movement promoted by SMEDNC contributes to local economic development of the country.	1. The number of the SME participants in Armenian OVOP movement is increased up to 400 SMEs.  2. The number of raw material providers (Armenian farmers and businesses) for the SME participants in Armenian OVOP movement is increased by 2000.  3. Income of local SMEs is increased by 30% in 3 years.	Data collected by SMEDNC  Data collected by SMEDNC  Data collected by SMEDNC			
<b>Project Purpose</b> Armenian OVOP movement promoted by SMEDNC contributes to improving the competitiveness of the local SMEs and entrepreneurs in both national and international markets, including Japanese, European and/or neighbouring countries' markets.	1. All of Armenian 10 regions (Marzer) have newly branded products*. <small>*including branded products in the Project Phase1</small>  2. Positive changes such as the increase in sales, increased number of clients, increased employees, access to new markets and/or the other indicators are observed in at least 50 SME participants in Armenian OVOP movement.  3. SMEDNC independently supports Armenian OVOP movement in all of 10 regions (Marzer) utilizing "Advanced" Armenian OVOP method, including seminar and/or training.	Monitoring record  Monitoring record  Monitoring record	Other necessary actions to achieve the overall goal are taken by SMEDNC.  Political and economic condition of the country is stable.		

Outputs	Objectively Verifiable Indicators	Means of Verification	Important Assumption	Achievement	Remarks
1. The technical capacity of SMEDNC experts and BDS (business development service) providers is further developed in terms of wide application of "Advanced" Armenian OVOP method*. <small>*Advanced" Armenian OVOP method can consist of (i) marketing platform operation, including roadside station, (ii) knowledge of the international market demand on Armenian products, including basic knowledge on food packaging and standard, and (iii) tourism promotion methods, besides the basic OVOP method including branding, merchandising and sales.</small>	1-1. At least 10 SMEDNC staff members and 10 BDS providers apply "Advanced" Armenian OVOP method in their works for SME development. 1-2. New textbooks on "Advanced" Armenian OVOP method are published by June 2017.	Interview to SMEDNC staffs by the project team	Trained SMEDNC staff continues to be involved in the project.		
2. The technical capacity of local SMEs and entrepreneurs is developed.	2-1. At least 200 entrepreneurs (20 persons x 10 regions) are newly trained in start-up trainings incorporating basic Armenian OVOP method, by the end of 2018.  2-2. At least 80 start-ups are operating actively by the end of 2018	Monitoring record  Monitoring record			
3. The export of Armenian local products is promoted for international markets, including Japanese, European and/or neighbouring countries' markets.	2-3. At least 50 SMEs think that they are applying Advanced OVOP method in their business.  3-1. At least 5 Armenian products have a new international business linkage by the end of 2018.	Questionnaire survey & monitoring  Products introduced for foreign markets			
4. Tourism in OVOP pilot area is promoted for both domestic and foreign tourists, including the Japanese tourists.	4-1. New tourism product is introduced for foreign markets, including, Japanese and/or European markets. 4-2. Services of SMEs is improved in the manner of advanced OVOP method. 4-3. At least 20 tourism products are developed utilizing Advanced Armenian OVOP method.	Tourism product introduced for foreign markets  Data collected by SMEDNC			
5. Marketing platforms*, including a roadside station, work for local business development. <small>*Marketing platforms developed by the Project Phase 1 include: event type (exhibitions of local products in the festival), online type (Facebook marketing and consumer market served by questionnaire) and shop type (mini-retailer shops at DABOs).</small>	5-1. The marketing platforms established by the Project Phase1 work for local product development in a continuous manner. 5-2. At least 2 new practices of the marketing platform are developed, by applying the platform manual elaborated by the Project Phase1.	Conventional platforms working in a continuous way  New 2 platforms working for SME marketing activities			

6. The project activities on Armenian OVOP movement are monitored, and the lessons learned from the activities are used for local SME development.	6-1. The quarterly progress reports of the project activities are elaborated. 6-2. At least 10 SMEDNC staff members apply the lessons learned from the project activities in different tasks related to SME promotion. 6-3. SMEDNC utilize data base and realize periodically quantitative monitoring.	Quarterly progress reports Interview to SMEDNC staff by the project team		
<b>Activities</b>	<b>Inputs</b>	<b>Important Assumption</b>		
Common Activity: Conduct online survey to collect information for indicators.				
1-1. The project team* upgrades Armenian OVOP method. <small>*The Project team consists of SMEDNC staff and JICA experts.</small>	<b>The Japanese Side</b>	<b>The Armenia Side</b>		
1-2. The Project team plans the ToT (training of trainers) on "Advanced" Armenian OVOP method, adding new kaizen tools.	- Experts* <small>*All of the JICA experts should manage Armenian OVOP method, which mainly consists of branding and labels, based on Armenian OVOP concept.</small>	- Assignment of Counterpart Personnel - Project director (SMEDNC executive director)		
1-3. The Project team provides SMEDNC and BDS providers with the ToT on "Advanced" Armenian OVOP method.	- Chief Advisor/ SME development policy - SME business administration - International trade marketing - Tourism development - Project Coordinator/Food sanitation and packaging	- Project manager (SMEDNC Deputy Executive Director and Head of International cooperation programs Division) - Head of Training Support programs Division - Head of Financial Support programs Division - Head of Local economic development programs Division		
2-1. Armenian local businesses, which have already participated in Armenian OVOP activities promoted by the Project Phase1, improve their management and products.	- Training in Japan (3times) and third countries (Thailand and Singapore): around 10 trainees in each training	- Office for the JICA expert team		
2-2. Newly 200 entrepreneurs (20 persons x 10 regions) participate in the start-up training, incorporating Armenian OVOP method.	- Provision of Equipment - 10 printers MFU (Multi-function) (for SMEDNC regional offices) - 2 printers MFU WIFI (for SMEDNC central office and for ICT training) - 17 laptop computers (for SMEDNC regional offices)	- Local cost (operational expenses)		
2-3. SMEDNC applies various tools of "Advanced" Armenian OVOP method for the growth of local SMEs.	- 1 laptop computer with multi-function (for PR materials) - 10 digital devices with camera - 1 large interactive projector - 1 large monitor - Production equipment for leasing and training			
3-1. SMEDNC provides OVOP participants (SMEs) which intend to export their products to international markets, with the assistance for improving their products to meet international market requirements.				

3-2. The Project team promotes business matching between Armenian SMEs and the Japanese enterprises and markets.	Project Activity Cost (local Cost support) for local consultants, publication, PR (Public relations) and so on.			
3-3. The project team facilitates the participation of the SMEs in international trade fairs.				
3-4. SMEDNC staff and Armenian business owners participate in the training courses in Japan.				
4-1. The Project team develops the tourism products (catalogues of B&B, informational materials, touristic places, etc)				
4-2. SMEDNC provides local SMEs and entrepreneurs, with technical and financial assistance to improve services				
4-3. The project team promotes Armenian tourism products to Japanese and/or European tourism agencies and consumers.				
5-1. The Project team reinforces the marketing platforms developed by the Project Phase1, adding new practices*.				
5-2. SMEDNC develop new practices* of the marketing platform, with the technical assistance of the JICA experts team.				
6-1. SMEDNC monitors the project activities, which shall be announced widely by mass media.				
6-2. SMEDNC elaborates the quarterly progress reports, with the assistance of the JICA expert team.				
6-3. SMEDNC applies the lessons learned from the project activities in different works for SME development.				

Plan of Operation

Version 1  
Dated 25th September, 2017

Project Title: Project for Development of Local Production and Promotion of Local Brands Phase 2		Monitoring																Remarks	Issue	Solution	
Inputs	Year	1st Year				2nd Year				3rd Year				4th Year							
		I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV				
<b>Expert</b>																					
Chief Advisor/SME Development	Plan																				
	Actual																				
Deputy Chief Advisor/SME Administration (1)	Plan																				
	Actual																				
SME Administration (2)	Plan																				
	Actual																				
Tourism development (1)	Plan																				
	Actual																				
Tourism development (2)	Plan																				
	Actual																				
Export Marketing	Plan																				
	Actual																				
Food packaging and safety standards/Project Coordination	Plan																				
	Actual																				
Training in Japan and/or third countries	Plan																				
	Actual																				
Training for counterpart personnel and business owners	Plan																				
	Actual																				
<b>Activities</b>																					
<b>Sub-Activities</b>																					
<b>Common activities</b>																					
Conduct End line survey	Plan																		JICA	SMEDNC	
	Actual																				
<b>Output 1: The technical capacity of SMEDNC experts and BDS (business development service) providers is further developed in terms of wide application of "Advanced" Armenian OVOP method.</b>																					
1-1. The project team upgrades Armenian OVOP method.	Plan																		JICA	SMEDNC	
	Actual																				
1-2. The Project team plans the ToI (training of trainers) on "Advanced" Armenian OVOP method, adding new lesson tools.	Plan																		JICA	SMEDNC	
	Actual																				
1-3. The Project team provides SMEDNC and BDS providers with the ToI on "Advanced" Armenian OVOP method.	Plan																		JICA	SMEDNC	
	Actual																				
<b>Output 2: The technical capacity of local SMEs and entrepreneurs is developed.</b>																					
2-1. Armenian local businesses, which have already participated in Armenian OVOP activities promoted by the Project Phase 1, improve their management and products.	Plan																		JICA	SMEDNC	
	Actual																				
2-2. Newly 200 entrepreneurs (20 persons x 10 regions) participate in the start-up training, incorporating Armenian OVOP method.	Plan																		JICA	SMEDNC	
	Actual																				
2-3. SMEDNC applies various tools of "Advanced" Armenian OVOP method for the growth of local SMEs.	Plan																		JICA	SMEDNC	
	Actual																				

1

<b>Output 3: The export of Armenian local products is promoted for international markets, including Japanese European and/or neighbouring countries'</b>																					
3-1. SMEDNC provides OVOP participants (SMEs) which intend to export their products to international markets, with the assistance for improving their products to meet international market requirements.	Plan																		JICA	SMEDNC	
	Actual																				
3-2. The Project team promotes business matching between Armenian SMEs and the Japanese enterprises and markets.	Plan																		JICA	SMEDNC	
	Actual																				
3-3. The project team facilitates the participation of the SMEs in international trade fairs.	Plan																		JICA	SMEDNC	
	Actual																				
3-4. SMEDNC staff and Armenian business owners participate in the training courses in Japan.	Plan																		JICA	SMEDNC	
	Actual																				
<b>Output 4: Tourism in OVOP pilot area is promoted for both domestic and foreign tourists, including the Japanese tourists.</b>																					
4-1. The Project team develops the tourism products (catalogues of B&B, informational materials, touristic places, etc)	Plan																		JICA	SMEDNC	
	Actual																				
4-2. SMEDNC provides local SMEs and entrepreneurs, which participate in the tourism circuit, with technical and financial assistance to improve services.	Plan																		JICA	SMEDNC	
	Actual																				
4-3. The project team promotes Armenian tourism products to Japanese and/or European tourism agencies and costumers.	Plan																		JICA	SMEDNC	
	Actual																				
<b>Output 5: Marketing platforms, including a roadside station, work for local business development.</b>																					
5-1. The Project team reinforces the marketing platforms developed by the Project Phase 1, adding new practices.	Plan																		JICA	SMEDNC	
	Actual																				
5-2. SMEDNC develop new practices of the marketing platform, with the technical assistance of the JICA experts team.	Plan																		JICA	SMEDNC	
	Actual																				
<b>Output 6: The project activities on Armenian OVOP movement are monitored, and the lessons learned from the activities are used for local SME</b>																					
6-1. SMEDNC monitors the project activities, which shall be announced widely by mass media.	Plan																		JICA	SMEDNC	
	Actual																				
6-2. SMEDNC elaborates the quarterly progress reports, with the assistance of the JICA expert team.	Plan																		JICA	SMEDNC	
	Actual																				
6-3. SMEDNC applies the lessons learned from the project activities in different works for SME development.	Plan																		JICA	SMEDNC	
	Actual																				
<b>Duration / Phasing</b>																					
	Plan																				
	Actual																				

1

Monitoring Plan	Year	1st Year				2nd Year				3rd Year				4th Year				Remarks	Issue	Solution
		I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV			
<b>Monitoring</b>																				
Joint Coordinating Committee	Plan	●				●				●				●						
	Actual	●				●				●				●						
Set-up the Detailed Plan of Operation	Plan	▲				▲														
	Actual	▲				▲														
Submission of Monitoring Sheet	Plan	▲	▲			▲	▲			▲	▲			▲	▲					
	Actual	▲	▲			▲	▲			▲	▲			▲	▲					
Monitoring Mission	Plan				●															
	Actual				●															
Joint Monitoring	Plan					▲				▲				▲						
	Actual					▲				▲				▲						
Post Monitoring	Plan																			
	Actual																			
<b>Reports/Documents</b>																				
Inception Report	Plan	▲																		
	Actual	▲																		
Progress Report	Plan	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲			
	Actual	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲			
Project Completion Report	Plan																			
	Actual																			
<b>Public Relations</b>																				
Issuing monthly report	Plan	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲			
	Actual	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲	▲			
Seminar for public	Plan	▲				▲				▲				▲						
	Actual	▲				▲				▲				▲						

## Annex 3 : Minutes of the JCC

### (1) Minutes of 1<sup>st</sup> JCC

THE MINUTES OF THE JOINT COORDINATION COMMITTEE  
ON  
JAPANESE TECHNICAL COOPERATION PROJECT FOR  
DEVELOPMENT OF LOCAL PRODUCTION AND PROMOTION OF LOCAL BRANDS  
PHASE 2

The Joint Coordination Committee was held on 26<sup>th</sup> August 2016, in order to discuss the plan for First Term of the Project for Development of Local Production and Promotion of Local Brands Phase 2 (hereinafter referred to as “the Project”), which is implemented by Small and Medium Entrepreneurship National Development Center of Armenia (hereinafter referred to as “SMEDNC”) and Japan International Cooperation Agency (hereinafter referred to as “JICA”).

The main points discussed in the meeting are noted below;

- Mr. Karen Gevorgyan, Deputy Executive director of SMEDNC, is appointed to the Project Manager, as well as Ms. Lilit Apujanyan, International Cooperation Programs Coordinator of SMEDNC.
- The Project should develop “Advanced Armenian OVOP Method” which is applicable for providing technical support to local Small and Medium Enterprises (SMEs) by SMEDNC and other Business Development Service (BDS) providers.
- The “Advanced Armenian OVOP Method” should be aligned with SMEDNC’s current tools so that SMEDNC can apply it in a consistent and sustainable manner, in accordance with SME State Support Annual Programmes, and should be served for entrepreneurs, export-oriented SMEs, tourism services providers, and so on.
- The Project should be implemented in a consistent manner to diffuse positive results and impacts of the previous Project for Development of Local Production and Promotion of Local Brands (hereinafter referred to as “the Project Phase 1”)
- The Project inputs, including equipment and automobile provided in the Project Phase 1, must be used properly for the Project activities.

Yerevan, 26<sup>th</sup> August 2016

村井 博満

For Mr. Katsutoshi Fushimi  
Chief Representative  
JICA Uzbekistan Office  
Japan International Cooperation Agency  
(JICA)



Mr. Garegin Melkonyan  
First Deputy Minister  
Ministry of Economy  
Republic of Armenia

## (2) Minutes of 2<sup>nd</sup> JCC

THE MINUTES OF THE JOINT COORDINATION COMMITTEE MEETING  
ON  
JAPANESE TECHNICAL COOPERATION PROJECT FOR  
DEVELOPMENT OF LOCAL PRODUCTION AND PROMOTION OF LOCAL BRANDS  
PHASE 2

The Joint Coordination Committee was held on 25<sup>th</sup> September 2017, in order to discuss the plan for second term of the Project for Development of Local Production and Promotion of Local Brands Phase 2 (hereinafter referred to as “the Project”), which is implemented by Small and Medium Entrepreneurship National Development Center of Armenia (hereinafter referred to as “SMEDNC”) and Japan International Cooperation Agency (hereinafter referred to as “JICA”) in the Republic of Armenia.

The main points discussed in the meeting are noted below;

- The Project has already generated positive results, including the development of Advanced Armenian OVOP (One Village, One Product) method and application for local SMEs and entrepreneurs, with ownership of SMEDNC.
- The workplan of the second term of the Project was approved. To achieve the Project Purpose, it emphasizes the development effective models for local SMEs development, applying Advanced Armenian OVOP method. At the same time, it stresses the importance of human resource development, and sustainability and applicability of those models for regional economic development.
- During the second term, the Project intends to establish model to strengthen competitiveness of some local SMEs in international market, providing opportunities for them to exhibit their products (including tourism products) in 3 international trade fairs in Japan and Singapore, combined with technical training and follow-up activities. SMEDNC will realize selection of eligible exhibitors, under certain criteria.
- The Project will develop monitoring mechanism and data base which shall serve for SMEDNC to monitor and follow-up of local SMEs.
- The Project inputs, including equipment and automobile provided in the Project Phase 1, must be used properly for the Project activities.

Yerevan, 25<sup>th</sup> September 2017



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Mr. Katsutoshi Fushimi  
Chief Representative  
JICA Uzbekistan Office  
Japan International Cooperation Agency  
(JICA)



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Mr. Levon Mnatsakanyan,  
Executive Director  
Small and Medium Entrepreneurship  
Development National Center of Armenia

### (3) Minutes of 3<sup>rd</sup> JCC

MEETING NOTE  
ON  
PROJECT FOR DEVELOPMENT OF LOCAL PRODUCTION AND PROMOTION OF  
LOCAL BRANDS PHASE 2

In the Joint Coordination Committee (JCC) meeting held on November 2, 2018, Armenian and Japanese sides had a series of discussions on the Project for Development of Local Production and Promotion of Local Brands Phase 2 (hereinafter referred to as “the Project”), which has been implemented by Small and Medium Entrepreneurship National Development Center of Armenia (hereinafter referred to as “SMEDNC”) and Japan International Cooperation Agency (hereinafter referred to as “JICA”) in the Republic of Armenia.

The discussions developed by both sides include:

#### 1. Project Progress

The Project activities have generated the following positive results.

- Advanced Armenian OVOP (One Village One Product) method has been developed, in a way that lessons learnt from training courses realized in Japan, Singapore and Thailand have been incorporated in the method.
- All of Armenian 10 regions (Marzer) have newly branded products.
- Positive changes such as the development of new products, access to new markets and/or the other indicators are observed in more than 50 SME (Small and Medium Enterprise) participants in Armenian OVOP movement, thanks to the application of Advanced Armenian OVOP method.

It is estimated that the Project Purpose would be achieved successfully by the end of the Project period, taking into consideration the Project progress mentioned above.

#### 2. Activities to be developed in the remaining period of the Project

The following activities should be implemented in the remaining period of the Project.

- SMEDNC regional staff will provide SMEs with seminars and/or trainings based on the Advanced Armenian OVOP method in November 2018.
- End line survey will be carried out in the first quarter of the year 2019 to identify the impact generated by the Project.
- Good practices generated by the application of the Advanced Armenian OVOP method will be introduced in the next JCC meeting.

#### 3. Others

Armenian side presented their interest in the possibility to develop the “SME Development through Strengthening Cluster and Value Chain Project”. The Japanese side will analyze the request presented by SMEDNC.

Yerevan, November 2, 2018



Mr. Shun Omori  
Representative  
JICA Uzbekistan Office



Mr. Arshak Grigoryan  
Executive Director  
SMEDNC