



PAGE 3: B. ABOUT YOU

Q1: Respondent details

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Q2: Country or Customs territory

AUSTRIA

Q3: Organization

Other (please specify)
International organization: United Nations Industrial Development Organization (UNIDO)

PAGE 4: C. ABOUT YOUR CASE STORY

Q4: Title of case story

Breathing new life into Armenia's garment industry

Q5: Case story focus

Trade Facilitation.

Q6: Case story abstract

Phase I of the Industrial Modernization and Upgrading Programme in Armenia aiming to revive and upgrade the textile and garment industries, brought together pilot eight garment-producing Armenian enterprises to design and produce fashionable and quality modern clothes under a joint brand. UNIDO supported beneficiary companies on a wide range of technical and business issues, including product design and development, quality management, production planning systems, legal matters, human resources, finance, marketing and networking. Through series of capacity building activities focusing on upgrading skills of the national experts in design and pattern making conducted at the Atex-Burgo Fashion School established with the support of the UNIDO, pilot beneficiaries designed and exhibited four high-quality garment collections at various international and regional fairs and established contacts with some of the biggest garment producers and retailers in the targeted export market.

Q7: Who provided funding?

Bilateral donor

Q8: Project/Programme type

Single country

Q9: Your text case story

In 2013, the Armenian Government declared intention to join the Customs Union composed of the Russian Federation, Belarus and Kazakhstan. A Road Map outlining actions to be taken in this direction was prepared. Thus, as a first step the Memorandum on Closer Cooperation between Armenia and Eurasian Economic Commission (EEC) was signed in Yerevan on 6 November 2013. On 29 May 2014, the three founding members of the Customs Union – Russia, Belarus

Yerevan on 6 November 2010. On 20 May 2014, the three founding members of the Customs Union – Russia, Belarus and Kazakhstan – signed a treaty on establishment of the Eurasian Economic Union (EaEU). The EaEU creates a single economic market of 170 million people and a gross domestic product of 2.7 trillion dollars. On 2 January 2015, Armenia officially joined Eurasian Economic Union.

In 2010, one of the world's oldest garments, a woman's straw-woven skirt, was discovered by archaeologists in a cave in the Areni region of Armenia. It is estimated to be an astonishing 5,900 years old. In honour of this incredible discovery, an Armenian clothing brand called 5900 BC was created.

During the Soviet era, the Armenian economy was mostly based on industrial production (chemicals and electronics) and light industry such as textiles, clothing and leather. After independence in 1991, the country lost its traditional export markets and the economy declined dramatically, by almost 60%. There was a major negative impact on the textile and clothing sector, which used to employ 150,000 people, a quarter of the workforce, but now only provides about 3,500 jobs.

Aiming to revive and upgrade the garment production and textile and clothing industry in Armenia, a project titled, "Improving competitiveness of export-oriented industries in Armenia through modernization and market access", is currently being implemented by the United Nations Industrial Development Organization (UNIDO). Funded by the Government of the Russian Federation and in partnership with the Ministry of Economy of Armenia and the Development Foundation of Armenia, the project brings together eight garment-producing Armenian enterprises to design and produce fashionable and affordable modern clothes. The 5900BC companies currently employ 440 workers.

In order to improve the technical capabilities of Armenian clothing manufacturers, a team of twelve UNIDO national experts supported by four UNIDO international experts have closely worked with the eight beneficiary companies on a wide range of technical and business issues, including product design and development, quality process, production planning systems, legal matters, human resources, finance, marketing, networking and project communication. Capacity-building training covering industrial product design and grading for national experts were held at the Instituto di Moda Burgo in Milan, Italy, and a workshop on pattern-making via the Lectra software was conducted at the newly-inaugurated Atex-Burgo Fashion School in Yerevan in Armenia. UNIDO experts also helped design and launch a website to promote the 5900 BC brand.

Hovsep Poghosyan, co-chairman of the Union of Light Industry Employers, said "We managed to gain many tangible results, including the establishment of the Atex-Burgo Fashion Institution and the organization of a business forum on 20 March 2015 in Yerevan. Uniting the selected eight companies around a unique idea, creating a new collection within a very short period of time, selecting and elaborating a brand, are significant achievements". Poghosyan added, "Another outcome of this project's implementation is that Armenian manufacturers regained their self-confidence".

Since September 2014, the project team has designed and exhibited four high-quality collections and has also established contacts with some of the biggest garment producers and retailers in the Russian Federation. In addition, the Armenian brand 5900 BC has participated in several local, regional and international exhibitions and fairs, including the Russian Federal Trade Fair "Textillegprom" held on 2-5 September 2015, as well as in one of the most prestigious international fashion exhibition events and the largest fashion fair in Eastern Europe – the Collection Premiere Moscow, in September 2015, in February 2016 and in September 2016. During the participation in CPM exhibitions, the brand successfully promoted its three collections to more than 17,000 visitors from twenty-three countries, including fashion producers and sales specialists. The brand producers were also able to meet with representatives of the largest Russian retail chains, garment producers and well-known fashion leaders, who assessed the quality of 5900 BC products as high. As a result, one of the beneficiary companies signed its first contract for export with one of the largest retail chains in Russia. Another beneficiary company established cooperation with one of the most famous Russian designers.

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As such, one of the beneficiary enterprises went from being a business that produced a limited range of lower quality garment products at the local market into an enterprise that create innovative, high quality garment collections and signed a long term contract with a large scale retail chain at a new export market. Another beneficiary company established collaboration with a world known fashion designer to produce his ready-to-wear collection.

Garment producers – supported on a pilot basis – benefited from assistance provided by IUMP Armenia to enable them to upgrade technical capacities in innovative fashion design and modeling, establishment of business networking and

partnerships between garment producers and designers of ready-to-wear clothing that resulted in reaching a new level of quality and exports to new local and international markets.

Arman Khachatryan, General Director of Development Foundation of Armenia, the project's main national counterpart, noted that "In a very short period of time, the UNIDO project has realized a large amount of work by creating four high quality fashion collections, which were presented at different international exhibitions. Important business connections have been established with the largest Russian producers and retailers of fashion apparel. Given the interest of large international chains to export the 5900BC production, we can say that the brand is already competitive".

Ivan Volinkin, Extraordinary and Plenipotentiary Ambassador of Russia to Armenia, notes that "the Russian Federation believes that the funds for the project have been used efficiently and that this project should be financed further, as it will create new employment opportunities and will motivate Armenian producers."

Permanent Representative of the Russian Federation to the International Organizations in Vienna, Ambassador Extraordinary and Plenipotentiary, Vladimir Voronkov also noted that "We see UNIDO as a reliable, time-tested partner... As a result of the UNIDO project, the companies participating in the project, reached a new level of quality, four modern, high-quality new clothing collections were created, which were also presented at the leading international specialized platforms under a single brand of 5900 BC".

Q10: Lessons learnt

Respondent skipped this question
