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Small & Medium Entrepreneurship Development National Center of Armenia

Promoting better environmental performance of small and medium-sized enterprises (SMEs) in Armenia

Expert meeting

Kyiv, Ukraine, 12 February 2015

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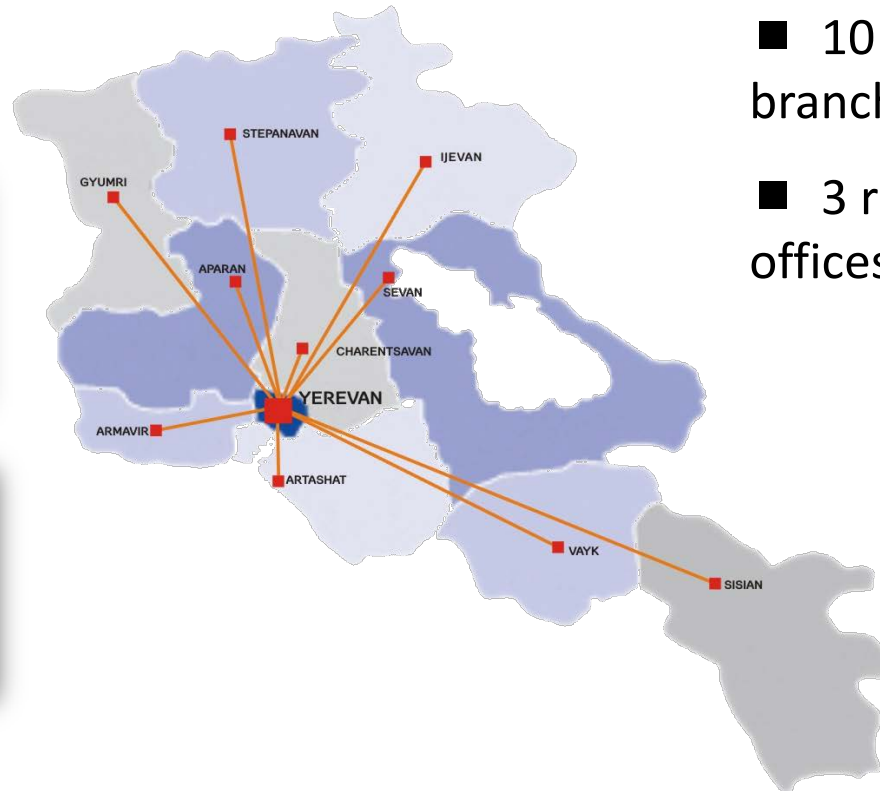
“Small and Medium Entrepreneurship Development National Center” Fund (SME DNC of Armenia)

- Established by the decree of the Government of Armenia in 2002.
- SME DNC of Armenia is the first national structure in Armenia called to implement state support to small and medium entrepreneurship (SME) and programs directed at development of the sector, as well as to ensure a dialogue between small and medium enterprises, government and other structures.
- The Board of Trustees is the supreme governing body of the SME DNC of Armenia, the members of which represent several government structures and NGOs advocating the interests of SMEs. The Board is headed by the Minister of Economy.





Regional network of the SME DNC of Armenia



- 10 regional branch offices
- 3 representative offices



SME support programs



- 1. Information and Analytical**
- 2. Consulting**
- 3. Training (Start-up business support program)**
- 4. Financial Support**
- 5. Local Economic Development**
- 6. Business Internationalization (EEN Activities)**



SME state support program for 2015

Program **NEW** objective

- Support application of resource efficiency and cleaner production principles by SMEs.

Program **NEW** principle

- In the course of implementation of the Program priority will be given to SMEs operating in production and service sectors **using innovations, new and cleaner production technologies**, having high growth and export potential.





European Commission's initiative "Greening Economies in the Eastern Neighbourhood" (EaP GREEN)



Pilot projects "Promoting better environmental performance of small and medium-sized enterprises" in Armenia – Dec 2013



Survey of small and medium-sized enterprises Feb-April 2014



Preliminary recommendations – Nov 2014





Main Findings

- Most SMEs either are not subject to environmental regulation or do not know that they are
- Insufficiently proactive dissemination of info on environmental requirements (e-mail, seminars)
- Over half implement resource efficiency measures in response to high prices
- Only 10% have entered the market for green goods and services
- Main barriers: costs and lack of finance, shortage of expertise, regulatory/bureaucratic hurdles
- Dramatic lack of support for resource efficiency (88%) and green products/services (79%)
- The biggest gap is support from the government



**Possible application of
recommended tools to promote
green practices among SMEs
in Armenia**





Information-based instruments

SMEDNC's current Activities



- Awareness raising of SMEs on business legislation and recent changes
- Consultancy on taxation issues and customs procedures, licensing, standardization, certification, financial management and accounting, etc.
- Seminars, workshops, trainings
- Publication of business manuals, guides, reference books

- **Information on minimum requirements for compliance and good practices (newsletters, website, seminars, etc.)**

- **Publication of sector-specific “pocket guides” on green practices, cleaner production and resource efficiency**





Start-up Business Support Program

Goals and Objectives:

- establishment of new SMEs and workplaces in the regions of Armenia,
- Support in realization of new business initiatives,
- upgrading business knowledge and skills of start-ups,
- facilitating access to finance.

Program Phases

Selection → Training → Consulting → Financing → Coaching





Main topics

- *Business idea development*
- *Marketing*
- *Management*
- *Production planning & net cost calculation*
- *Financial planning & cash flows*
- *How to register a legal entity in Armenia*
- *Basic accounting*
- *Tax legislation*
- **Resource efficiency and economic benefits of environmental improvements**

Duration is 80 hours

As a result of the training business ideas turn to realistic and sustainable business plans





ProREMaS-Profitable resource efficiency Management System

ProREMaS is a Training and Consultancy program for small and medium-sized companies, producing goods or offering services encouraging companies to obtain **4 WINS**:

- **Economic** – reduction of production costs and increase in economic efficiency and competitiveness of the company,
- **Organizational** – enhanced management capacities for successful implementation of change in the company and continuous improvement,
- **Environmental** – minimization of resource use, solid and liquid waste, as well as emissions to air: increased resource efficiency,
- **Social** – improved risk management, occupational health and safety.

ProREMaS has been developed by GIZ and disseminated by trainers from PREMAnet (www.premanet.net).





Green certifications

The SME DNC will work with business associations and BSOs interested in provision of consultancy services to SMEs on green certification to *design, using international experience, a multi-tier environmental management system with a simplified certification procedure* which would allow certified businesses to be recognised for achieving each tier of complexity.





FINANCIAL SUPPORT

■ Loan Guarantees to start-ups operating SMEs

Main priorities:

- SMEs operating in manufacturing and services sectors SMEs
- Import substituting, exporting SMEs and those with export potential
- SMEs operating in the regions with low level of economic activity (close to the border and countryside settlements, disaster zone, former industrial and scientific sites)
- SMEs introducing and using new technologies and innovations
- *Cleaner production and resource efficiency consideration*

Loan Guarantees for star-up SMEs

Maximum Duration – 5 years

Annual interest rate – 10%

Guarantee - 100%, max 5 mln AMD
(~12000 USD)

Loan Guarantees for operating SMEs

Maximum Duration – 5 years

Annual interest rate – 15%

Guarantee - up to 70% of loan amount, but
not more than 15 mln AMD (~32000 USD)





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Thank You For Your Attention

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