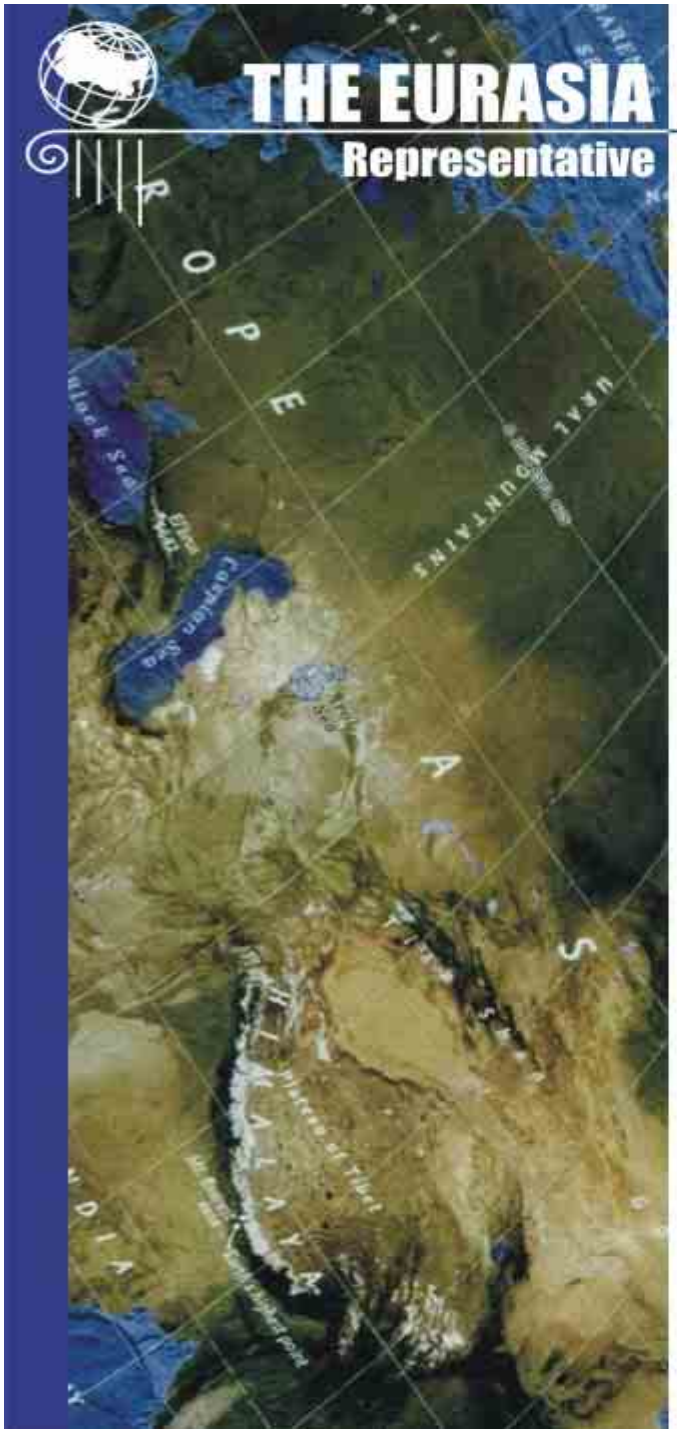


Eurasia Foundation Experience in Supporting Business Associations in Armenia

TheTwelfth Meeting of the OSCE Economic Forum

New Challenges for Building Up Institutional and Human Capacity for Economic Development and Cooperation

Prague, 31 May - 4 June, 2004

Eurasia Foundation

- **Incorporated** in the DC in 1992, **began making grants** in 1993
- **Funding to date** is over $225 million from USAID,
- **Raised** nearly $60 million from non - U.S. government sources
- **Works from:** Headquarters in Washington, D.C., and 9 NIS regional offices in Moscow, Vladivostok, Kyiv, Tashkent, Almaty, Bishkek, Tbilisi, Baku, and Yerevan.
- **Mission:** The EF promotes the advancement of democratic institutions and private enterprise in twelve countries of NIS. The Eurasia Foundation believes that societies function best when citizens take responsibility for their own civic and economic future. Foundation programs seek to promote the skills and vision necessary to bring the greatest social and economic benefits to individuals and their societies.
- **Mandate:** Private Enterprise Development, Public Administration and Policy, Civil Society

Models of Private Sector projects

South Caucasus Overview

- Business associations support (Az. Ar. Ge.)
- Credit facilitation (Ge.)
- Institutional Development of Chambers of Commerce (Ar.)
- Adoption and promotion of IAS (Az. Ar. Ge.)
- Business Incubators establishment (Ge.)
- Tourism Promotion (Az.)
- Taxation reform and awareness campaigns (Az. Ar.)

EF Armenia

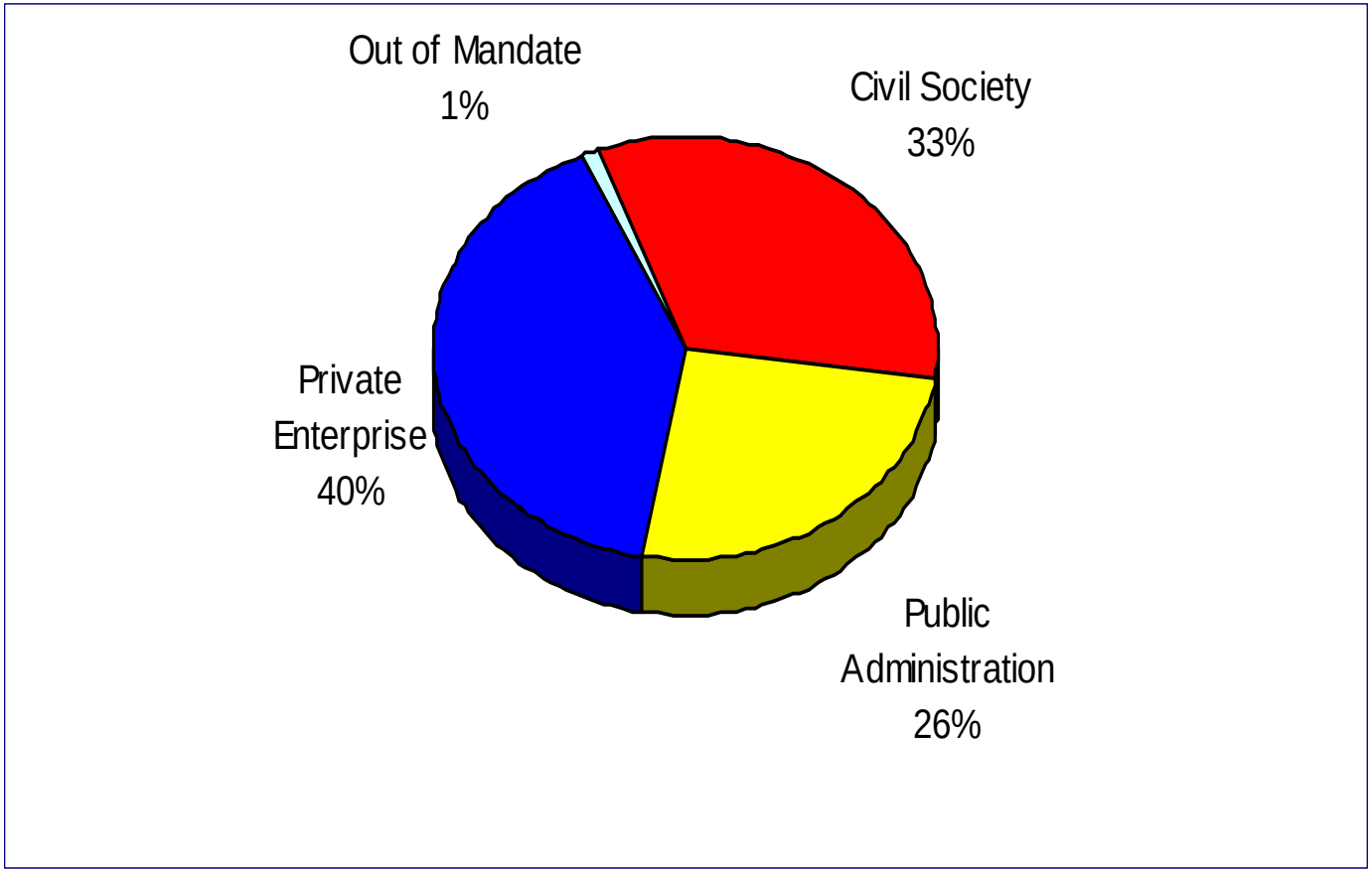
Distribution of Grants by program areas

TOTAL:

- 564 grants - **$10,537,585**

Private Enterprise Development

- 232 projects- **$4,298,297**



EF Armenia
Intervention in Private Sector

- **Open Door Grants**
- **Competitions**
  - Capital Markets Development
  - Economics Education
  - Strengthening of Business Associations
  - Technology Transfer
  - Information Technologies Authorized Training Centers
  - Business Advocacy (2002)

Business Associations in Armenia

Total - more than 50 BAs

- Agriculture
- Construction
- Education
- Finance
- Industry
- Information Technology
- Services
- Tourism
- Trade
- Transport
- Other

More than 30 received EF Support

Strengthening of Business Associations

Competition

Goal

To develop self-sustainable Business Associations as key players in private sector development in the country.

Outcomes

Armenian Freight Forwarders Association

- Was established
- Became a member of FIATA

Armenian Winemakers Association

- Was established
- Harmonized legislation governing wine industry in South Caucasus Countries

Merchants Union

- Opened more than 20 branches in the regions
- Introduced simplified taxation to its constituencies

Characteristics of BAs in Armenia

Achievements

- Basic communication infrastructure/capacity
- Provision of information
- Provision of training for members
- Established contacts with similar organizations abroad
- Developed organizational structure

Areas for Improvement

- Transparency and accountability of the operations
- Written policies/procedures
- Advocacy agenda
- Membership base and support
- Informational/promotional materials
- Financial sustainability
- Regional affiliates

Strengthening of Business Associations

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Business Advocacy in Armenia (2002)

Competition

Goal

To enhance networking and coalition-building skills of the BAs in Armenia

Outcomes

Union of Manufacturers and Businessmen of Armenia

- Economic legislation was monitored and analyzed (11 laws)
- Legal Committee within the structure of UMBA was established

Armenian Merchants Union

- Submitted 12 legislative draft reforms for discussion in the National Assembly, 8 of which were accepted
- Won more than 20 court cases, saving member entrepreneurs a total of $66,000

Armenian Association of Winemakers

- Elaborated and put into discussion draft law of RA on wine and prepared a package of general regulations of wine and winemaking market
- President of Armenia endorsed the proposed by association idea to Establish National Center of Wine

Evaluation of
Business Advocacy (2002) Competition

Achievements

- Recognition at the state level
- Representation at the state business support structure
- Parliamentarians-members of the associations

Areas for Improvement

- Low level of Institutional Development
- Formal membership
- Lack of professionals involved in lobbying activities
- Low level of partnership among business associations

Planned Activities for 2004

Objective

To improve the legal environment for the development of small- and medium-size enterprises through constructive dialogue between the state and the business community.

Focus

- Institutional Development
- Public-Private Dialogue
- Partnerships Among Associations
- Strengthening of Membership Base

Foundation Partners

in SME Development

- **International Organizations**

  OSI, DFID, OSCE, USAID, ProSME, EBRD, WB, UNDP, Jinishian Foundation, Cafesjian Family Foundation

- **Ministry of Trade and Economic Development**

- **SME Development National Center of Armenia**

- **SMEs through:**
  - **Business Associations**
  - **Chambers of Commerce**
  - **Business related NGOs**