



Programme: Private Sector Development South Caucasus (PSD SC): EU-Co-financing “Support to SME Development in Armenia” (SMEDA)

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Period: 24th of July to 10th of October 2017

1. Brief Introduction

The private sector in Armenia faces several challenges such as the lack of cohesion and coordination of different small and medium-sized enterprises (SME) support programmes, inefficient steering mechanisms for the SME development process, a fragmented landscape of stakeholders, and an inefficient public private dialogue as well as an inefficient decision-making process. The donor coordination process in different intervention areas is currently not government-driven.

The involvement of the private sector in SME development strategies is not effective and interests of SMEs are in fact not reflected in decision-making processes. Supporting services are insufficiently available – both in quality and quantity. Underdeveloped capacities within the organised private sector are main obstacles and barriers to the envisaged development.

Innovative ideas are hardly developed and are rarely transferred into business cases. Research and development are limited, in particular in the SME sector with hardly any cooperation of businesses and research entities. The innovative and creative potential of young specialists is not employed.

Access to finance is another major challenge for SMEs. Due to high debts – accrued during the global financial crisis and an associated decline in GDP (estimated 14% in 2009) – many Armenian SMEs have only limited access to further credits and loans. In general, lending policies of most banks and financial institutions do not encourage investments in SMEs.

With this situation for the private sector in Armenia, the EU-co-financed, GIZ-implemented project “Support to SME Development in Armenia” (SMEDA) was initiated in 2016. The project is in line with the EU Single Support Framework 2014-2017 for Armenia. It is furthermore consistent with the strategic framework documents of Armenia (Armenia Development Strategy and SME State Support Strategy) in order to facilitate their implementation.

The objective of the project is to improve the national business and investment climate and support the creation and development of SMEs to enable broad based growth.

The SMEDA-Project is part of the Regional Private Sector Development in South Caucasus Programme, which is operating in the three countries of the South Caucasus, Armenia, Azerbaijan, and Georgia. This umbrella programme faces the challenge of generating broad based inclusive growth to reduce the urban-rural gap and poverty above all in rural regions. In view of the small domestic markets with low purchasing power, the primary aim is to strengthen private sector development.



The PSD SC Programme is currently divided into 4 components with a budget as follows:

- PSD SC Programme (regional programme): EUR 8.6 Mio for four years (2017-2020).
- Project “Economic Integration of Syrian Refugees in Armenia”: EUR 2.5 Mio EURO for two years (2015-2017).
- EU-co-funded Project “DCFTA and SME Development” in Georgia: EUR 5 Mio EURO for four years (2015-2019).
- **EU-co-funded Project “Support to SME Development in Armenia”: 6.4 Mio EURO for four years (2016-2019).**

The “Support to SME Development in Armenia” (SMEDA) Project is focusing on the following result areas:

- (1) Improved policy making process and coordination of supports to SME development for a conducive business development framework,
- (2) Strengthened private sector organisations to implement SME policies,
- (3) Improved process of commercialization of ideas linking research institutions and businesses via cooperation networks,
- (4) Improved design and management of economic clusters (business incubators, techno parks, and Free Economic Zones),
- (5) Diversified access to finance for innovative start-ups and small businesses.

The project is co-funded by the European Union and implemented by the GIZ Programme Private Sector Development South Caucasus (PSD SC) and its country component in Armenia. The PSDSC-Programme is commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ). The SMEDA-Project is designed for four years from 2016 to 2019 with a total budget of EUR 6.400.000.

SMEDA Overall Objective

Create employment opportunities by enhancing private sector development in Armenia.

SMEDA Specific Objective

The specific objective is to improve the national business and investment climate and support the creation and development of SMEs to enable broad based growth.

SMEDA Indicators

1. Increase the proportion of SME within the overall economy: increase the share of SME from 7% to 15% in overall number of micro, small and medium enterprises in Armenia.
2. Increase share of SME in employment from 25% to 30%.
3. Increase share of SME in GDP from 27% to 35%.
4. Increase of added value created by SMEs.

Partner structure: executing agencies and intermediaries

The project is guided in its implementation by a Technical Project Steering Committee (PSC), which is co-chaired by representatives of the EU Delegation and the Ministry of Economic



Development and Investments (MEDI).

Target Group and Implementing Partners

The target group is composed of all relevant stakeholders involved in the development of SMEs in Armenia. This includes the political lead partner, the Ministry of Economic Development and Investments in Armenia, and the Small and Medium Entrepreneurship Development National Centre (SMEDNC), related sector associations, the Armenian Chambers of Commerce and designated SME support organisations.

An important project partner is the Armenian Enterprise Incubator Foundation (EIF), which implements parts of the project activities related to managing and monitoring of funds for start-ups and small businesses.

Another important target group is females and males, owners and employees of SMEs.

Planned Activities of SMEDA-Project

- Support to policy making by assisting the Armenian government to implement the SME strategy and to introduce a review mechanism for the SME development strategy and its action plans
- Support to policy implementation by strengthening the institutional capacities of the Ministry of Economic Development and Investments and the SMEDNC in terms of coordinating the implementation of the SME strategy and related action plans as well as developing an information portal to support business performance on foreign trade transactions
- Support to Public-Private Dialogue (PPD) by strengthening the capacities of the Ministry of Economic Development and Investments to manage the PPD process as well as to assess and recommend on dispute settlement mechanisms and platforms
- Provide technical assistance to private sector organisations to improve and expand services and to increase their network with European businesses
- Strengthening the capacities of private sector organisations to participate in PPD platforms and to utilize the opportunities of technology transfer as well as to promote entrepreneurial skills, clusters and value chain development
- Support to linking research institutions and the private sector to foster innovation
- Support to state bodies and the private sector to access EU innovation support resources and platforms such as the new EU Framework Programme for Research and Innovation (Horizon 2020)
- Strengthening capacities of the Ministry of Economic Development and Investments to design, implement and promote clusters
- Support to improving cluster management, linking clusters to European networks as well as developing and promoting new areas for business incubation
- Supporting the provision of grants to support technology start-ups and SMEs promoting new services/products
- Support to EIF and SMEDNC to design and implement business acceleration and coaching programmes for entrepreneurs and grant recipients



2. Context and current situation in the field of assignment

The SMEDA-Project embraces in total five result areas with a focus on improving the business and investment climate in Armenia. Small and Medium Enterprises (SMEs) are the main target group for this project. The Precision Engineering (PE) sector is one of the main areas SMEDA is focusing its activities on with the objective to develop a PE cluster.

Although Armenian Precision Engineering companies/research institutes have a competitive technical background, they face challenges with entering international markets due to several obstacles (e.g. not well-known ecosystem by international peers, lack of platforms to introduce their activities, closed borders, etc.).

The participation in DigiTec Expo (<http://uiteorg.wixsite.com/digitecexpo>) will be a good opportunity for Armenian companies and research institutes from the IT and PE sector to present themselves to the business world and will give them a chance to network with relevant and potential partners, investors and clients not only from Armenia but also from abroad.

DigiTec Expo is the largest international technological exhibition in the region, which has already become a well-known annual event. Its history begins in 2005 in Yerevan, and since then it has been organized every autumn under the high patronage of the Government of the Republic of Armenia by the Union of Information Technology Enterprises (UITE; <http://uite.org>). The opening ceremony is being held by the President of the RA.

The aim of the exhibition is to create a favourable environment for networking among technological companies, business consumers and the society, as well as the expansion of international relations. DigiTec Expo reflects the real picture of the Armenian IT market and PE sector and provides the opportunity to be acquainted with new developments, achievements, challenges, as well as the prospects of the sphere. Main directions of the Expo 2017 are:

- Precision Engineering
- Software
- Hardware
- Network
- Gaming
- Design and animation
- Education
- Fintech

This year's focus is to stress the importance of few technical directions such as PE, artificial intelligence and machine learning, augmented and virtual reality, game development, and technological education as a catalyst for the development of the Armenian technological community.

It is anticipated to have workshops, seminars and round table discussions on the topics mentioned above. For the B2B as well as S2B development, a dedicated matchmaking area, will allow to discuss future cooperation opportunities with potential partners/customers in a non-formal and engaging environment.

DigiTec has a powerful media coverage via all leading TV and radio channels in Armenia, newspapers, as well as social and e-media, which will allow to get the most productive public awareness on a national level.



In 2017 DigiTec Expo will take place from 29th September till 1st October in the premises of Yerevan Expo. More than 60,000 visitors and 120 participants are expected to participate this year. More detailed information regarding DigiTec is available via the following link <http://uiteorg.wixsite.com/digitecexpo>.

SMEDA seeks to contract a company/expert or consortia to conduct this assignment.

3. Conditions of the assignment

3.1 Objective and tasks

SMEDA aims to enhance growth opportunities for the Armenian PE sector through organising and supporting various activities in this regard. One of the planned activities for this year is supporting DigiTec Expo in different aspects, among which are installation of:

- Separate section for PE sector representatives (roughly 120 square meters)
- Dedicated space for B2B and S2B exchange

The assignment starts from 24th of July and lasts until 10th of October 2017.

The assignment consists of the following parts:

I. Matchmaking Environment Concept

Within this assignment, the contractor shall develop a concept to set up/structure a networking oriented area, which will serve as a place for B2B/S2B meetings and for organising workshops/discussions/speeches. Here the exhibitors should have a chance to discuss potential cooperation opportunities with possible partners/investors in an appropriate environment.

For this propose, the organisers of the Expo have already allocated a dedicated place next to the building, which is proposed to be covered by tent.

The concept should be developed taking into consideration the design of similar matchmaking environments in high-level international expos.

The contractor shall also provide:

- the contacts of 3 constructor/supplier companies for setting up either the overall proposed concept or all suggested elements in it
- advisory services to the constructor/supplier during the construction and setting up
- conceptualisation of agenda and animation of this B2B/S2B area

II. Exhibition Environment Concept

This year's DigiTec Expo, with the support of SMEDA, will have a dedicated section for up to 15 companies/institutions from PE sector, who will have an opportunity to exhibit their products, to network with relevant and potential partners from Armenia, the regions as well



as from Germany, France, Italy, Great Britain, Baltics and etc, and get other benefits from the Expo.

The contractor shall develop a concept for the set up/structure of the proposed exhibition environment, which will include:

- Design of booths. The organisers of the Expo provide a standard booth for all exhibitors. For more attractiveness of the overall exhibition environment, the contractor shall suggest either to use the proposed booth with adding additional elements on it or to have another booth.
- Design of both company section and institution section. Up to 15 companies/institutions will be presented during the Expo, from which, most likely, 10 will be representatives from companies and 5 from institutions. The companies should be located in one part of the Precision Engineering section and the institutions in another part.
- Design of overall exhibition environment. All the companies/institutions will be presented under Precision Engineering section, so their booths and overall section should be design with the same style and should be presented as one separate section.
- Precision Engineering Website Terminal. The Precision Engineering website is now under construction, which will be ready at the beginning of September. At the exhibition environment, there should be two mobile terminals on which the website will be presented and the interested visitors will be able to get acquainted with it.

The concept should reflect a feasible budget for SMEDA for the implementation. Hence a close coordination with SMEDA is required.

The contractor shall also provide:

- the contacts of 3 constructor/supplier companies for setting up either the overall proposed concept or all suggested elements in it
- advisory services to the constructor/supplier during the construction and setting up
- conceptualisation of agenda and animation of this PE area

III. Exhibitors' Preparation

Although Armenian Precision Engineering companies/research institutes have a competitive technical background, they face challenges with entering international markets due to several obstacles. The contractor shall organise two-days training/workshop with the 15 selected exhibitors regarding their participation and presentation at the Expo, which, most probably, will be held in the end of August or the beginning of September (the dates will be determined in July).

The training/workshop amongst others should enhance knowledge on:

- Presentation skills: how to present your activities in an attractive way in a short period of time (develop an elevator speech)



- Recommendations on marketing and presentation material (improvement itself is a task for the participants)
- Business communication and negotiations
- What do the clients/investors (particularly, international) pay special attention to during an expo?

Additional topics for the training/workshop and an effective and efficient format shall be suggested by the contractor in consultation with SMEDA.

The contractor shall also assist the exhibitors during the Expo, and provide a short report after it highlighting the gained benefits and reached agreements by them. The report shall also include recommendations for future DigiTec Expos and exhibitions in Armenia in general.

SMEDA will organise the first meeting of the contractor with the organisers of the Expo.

The above-mentioned sections do not define the entire structure of the assignment, but only point out its main components. The Contractor in his or her proposal may suggest additional topics, which will be determined by SMEDA.

3.2 Deliverables and resources

The following deliverables are to be submitted during the assignment period:

Tasks & Deliverables	Timeline	Man days (max)
<p>I. Matchmaking Environment Concept</p> <p>Meetings with the organisers and SMEDA (if needed)</p> <p>Submission of the Concept to SMEDA for discussion and approval and provision of 3 contacts of constructor/supplier companies</p> <p>Advisory services to the constructor/supplier</p> <p>Deliverable: Concept for set up and agenda, contacts of constructor/supplier companies</p>	<p><i>24 – 28 July</i></p> <p><i>1 - 18 Aug</i></p> <p><i>01 – 29 Sep</i></p>	<p><i>0.5</i></p> <p><i>4</i></p> <p><i>2</i></p>
<p>II. Exhibition Environment Concept</p> <p>Meetings with the organisers and SMEDA (if needed)</p> <p>Submission of the Concept to SMEDA for discussion and approval and provision of 3 contacts of constructor/supplier companies</p> <p>Advisory services to the constructor/supplier</p>	<p><i>24 – 28 July</i></p> <p><i>1 - 18 Aug</i></p> <p><i>20 – 29 Sep</i></p>	<p><i>0.5</i></p> <p><i>4</i></p> <p><i>2</i></p>



Tasks & Deliverables	Timeline	Man days (max)
Deliverable: Concept, contacts of constructor/supplier companies		
III. Exhibitors' Preparation		
Submission of the Concept and Agenda for the training/workshop to SMEDA for discussion and approval	14 – 18 Aug	2
Conducting two-days training/workshop	21 Aug – 17 Sep	2
Follow-up to workshop with advice for participants	17 Sep – 27 Sep	2
Assisting the exhibitors during the Expo	29 Sep – 1 Oct	3
Report (including experienced benefits and reached agreements)	2 – 6 Oct	1
Deliverable: Concept, training/workshop, final report		
Total		23

3.3 Conditions and payment terms

The Contractor's offer must include:

- The **Financial offer** requires the Contractor to submit for consideration a summary of costs with respect to the above sections as well as the lump sum for air ticket for participants (see information below)
- The **Technical offer** requires the Contractor to submit details pertaining to the comments/suggestions on the Terms of Reference, description of approach, methodology and work; Contractor's organization; the Contractors' experience in:
 - organising expos,
 - conducting trainings/workshops in mentioned topics,
 - other specified fields.

The description of approach, methodology and work plan must include activities and deliverables as indicated in above table.



Payment terms:

- Final payment upon fulfilment of the contract (October 2017)

3.4 Coordination and communication

The Contractor reports to the Team Leader of the EU-SMEDA project and closely collaborates with the responsible Project Expert as well as with the administrative support team in Armenia.

3.5 Submission Requirements

The Contractor must fulfil the following requirements:

- Strong proven expertise in the area of assignment,
- Proficiency in English (written and spoken)

3.6 Additional Documentation

1. Description of Action
2. Log Frame for SMEDA-Project
3. Contribution of Mission to SMEDA's indicators