

]LOGICAL FRAMEWORK FOR SUPPORT PROGRAMME TO SME DEVELOPMENT IN ARMENIA (2016 - 2020)				
No.	Intervention logic	Objectively verifiable indicators of achievement	Sources and means of verification	Assumptions & Risks
Overall objective		<p><i>Within the framework of the programme, the following indicators will be used to monitor the progress made with the policy targets.</i></p> <p><i>The indicators will be further refined and baselines identified at the beginning of the implementation phase of the project notably through activities 3 and 4 of results 1.</i></p>		
Create employment opportunities by enhancing private sector development in Armenia.		<ul style="list-style-type: none"> • <i>Increase the proportion of SME within the overall economy : increase the share of small and medium enterprises (SME) from 7% to 15%¹ in the overall number of micro, small and medium enterprises (MSME) in Armenia</i> • <i>Increase share of SME in employment from 25% to 30%</i> • <i>Increase share of SME in GDP from 27% to 35%</i> • <i>Increase of add value created by SMEs (OECD)</i> 	<ul style="list-style-type: none"> • <i>International (World Bank, WTO, ITC, UNCTAD, OECD) and national economic data and statistics (NSS)</i> • <i>SMEDNC statistical reports</i> • <i>Programme reports</i> • <i>Survey/Focus Group discussions among SME</i> 	<ul style="list-style-type: none"> • <i>Government of Armenia (GoA) - the Ministries, Departments and Agencies (MDA) - provide continuous support to economic development and reforms as envisaged in ADS</i> • <i>Political and security environment remains relatively stable</i> • <i>Continued commitment of Government to business and investment climate reforms and to support of SME</i> • <i>Global commodity market prices remain relatively stable</i> • <i>All relevant stakeholders take part and support a joint strategic</i>

¹ According to the Report on “SME characterizing main indicators in Armenia for 2010-2012”

				<i>coordinated approach</i>
Specific objective		Objectively verifiable indicators of achievement	Sources and means of verification	Assumptions & Risks
SO	Improve the national business and investment climate and support the creation and development of SMEs to enable broad based growth	<p><i>Within the framework of the programme, the following indicators will be used to monitor the progress made with the policy targets.</i></p> <p><i>The indicators will be further refined and baselines identified at the beginning of the implementation phase of the project notably through activities 3 and 4 of results 1.</i></p> <ul style="list-style-type: none"> <i>Number of businesses that benefited (increased turnover, reduction of operating cost e.g. RIA) from the support provided by the project (estimated 10,000 a year)</i> <i>Number of new businesses created within the framework of this project (disaggregated by targeted sectors ² and by sex: targeting from 10% to 30% of businesses led by women and increasing overall ratio of businesses led by women) (estimated 450 a year)</i> <i>Number of new jobs created within the framework of this project (disaggregated by targeted sectors and by sex: targeting from 10% to 30% of women)</i> 	<ul style="list-style-type: none"> <i>Established baselines</i> <i>Project reports</i> <i>Reports from SMEDNC/MoE</i> <i>National statistical data</i> <i>SME policy index (OECD)</i> 	<ul style="list-style-type: none"> <i>The business environment does not deteriorate significantly</i> <i>Partners available who are sufficiently able and committed to co-operate</i>

² Pre-identified targeted sectors (in line with Armenian Government priorities) include indicatively energy efficient construction materials, green technology, chemicals and pharmaceuticals, precise engineering,... etc.

	Expected Results	Objectively verifiable indicators of achievement	Sources and means of verification	Assumptions & Risks
R1	Improved policy making process and coordination of supports to SME development	<ul style="list-style-type: none"> At least 50 % of business organizations confirm a better involvement of private sector in policy making and legislative processes At least 50% of respondent SME enterprises which participated in state SME support measures can identify improvements made as a result of the implemented measures (respondent will be disaggregated by sex) Number of recommendations on improving doing business for SME elaborated in Public-Private Dialogue have been introduced in policy/legislative decision processes. All programme and policy indicators to monitor SME development are properly set up with corresponding data and baselines 	<ul style="list-style-type: none"> Programme/Meeting reports Progress reports and Evaluations Enterprises survey 	<ul style="list-style-type: none"> Commitment of ministries and bodies in charge of the councils and SME implementation Funds available Risk: restructuring state organisations relevant for implementation that leads to reduced commitment
		ACTIVITIES	MEANS	
		<p>Support to Policy making</p> <ol style="list-style-type: none"> Supporting government in designing, adopting a SME strategy which will be approved by 2015 and "SME state support annual program" Strengthening the policy making process by introducing a review mechanism of SME development strategy and action plan involving all relevant stakeholders. Strengthen statistical cooperation across state bodies (National Statistical Service, Ministry of Finance, Central Bank), propose a methodology to compare and/or harmonize, SME database/registry, SME statistic indicators calculation (review the SME definition as much as possible in line with EU definition) and develop a SME statistic handbook. Enhancing SME DNC and Ministry of Economy 	<ul style="list-style-type: none"> TA: 1 LTE + STE Trainings Seminars Dialogue fora Workshops Software development In case of COSME: Direct Grant to SMEDNC: to cover 50% of annual entry ticket for a period of 3-4 years and other related activities. 	

		<p>(MoE) capacities to collect data from state bodies and SMEs (through company surveys), to improve analytical capabilities to analyse and interpret the statistical data, to support the development and publication of statistical reports on SMEs.</p> <p>Support to Policy Implementation</p> <ol style="list-style-type: none"> 5. Strengthening the institutional capacities of SMEDNC and MoE in coordinating the implementation of the SME Strategy and related action plans i.e. setup of (1) technical coordination mechanism for development partners (including a donor matrix) (2) impact oriented monitoring and evaluation system and its implementation 6. Strengthening the institutional capacity for SMEDNC and MoE in better managing existing support toolset and developing/making accessible new ones (COSME – EEN, tax advisory, easing access to finance, innovation support). 7. Support the MoE and selected partner organisations in developing a web-based interactive information portal (based on a single-window-approach and considering EU best practice) to support businesses performance on foreign trade transactions. <p>Support to Public-Private Dialogue (PPD)</p> <ol style="list-style-type: none"> 8. Strengthening the capacities of MoE to better manage PPD mechanisms (review and improve existing business/industrial councils, manage the involvement of private sector in particular SME in Regulatory Impact Assessment) 9. Assessment of current alternative dispute settlement mechanisms and recommendations on possible new dispute settlement and mediation 		
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		platforms between private and public sector. 10. Strengthen the capacities of SMEDNC to advocate the rights and interests of SMEs.		
	Expected Results	Objectively verifiable indicators of achievement	Sources and means of verification	Assumptions & Risks
R2	Strengthened private sector organisation to implement SME policies	<ul style="list-style-type: none"> <i>The range of services that are provided and used has increased by at least 30%.</i> <i>Increased membership of min. 20% in at least 3 business associations</i> <i>Number of recommendations of SME policy/strategy implemented</i> 	<ul style="list-style-type: none"> <i>Programme/Meeting reports</i> <i>Progress reports and Evaluations</i> <i>Specific sector associations reports</i> <i>Enterprises survey</i> 	<ul style="list-style-type: none"> <i>Sufficient capacities of associations and BMO available</i> <i>Commitment from private sector to cooperate and to act via BMO/linkages</i> <i>Risk: low capacities, no sustainability.</i> <i>Coordination with East-Invest2 and EBRD support to BSO is essential</i>
		ACTIVITIES	MEANS	
		<ol style="list-style-type: none"> Provide technical assistance to private sector organizations (including Chambers of Commerce) to improve policy advocacy, to increase membership, to improve and expand services, to increase their network with European businesses (via East-Invest) Organize a call for proposals for action grants which should aim at: <ul style="list-style-type: none"> Strengthening private sector organizations role and capacity to participate in PPD platforms³ (evidence-based policy advocacy, preparation to present PS needs) Creating or upgrading existing pro bono legal 	<ul style="list-style-type: none"> <i>Grant to organized private sector (OPS)</i> <i>TA: 1 intern., nat. LTE + STE</i> <i>Trainings</i> <i>Conferences, Seminars</i> <i>Study Tours</i> <i>Career days, platforms, job fairs</i> <i>Match making events (i.e. between local producers and foreign buyers, Suppliers of</i> 	50% of the activities should take outside the capital city

Except in the education sector that will be covered by the "better qualification for better jobs" programme part of the AAP 2015³

		<p>advices/counsels for SME and entrepreneurs</p> <ul style="list-style-type: none"> • Creating or upgrading an independent whistle blowing (corruption, harassment, bureaucracy,...) IT reporting system • Organising activities aimed at: increasing the awareness of SME's rights, upgrading entrepreneurial skills, promotion of women entrepreneurship, promotion of formalisation of businesses, increasing innovation capacities and utilizing opportunities of technology transfer, introducing innovative tools for production process or management, promotion of economic clustering and value chain development, supporting introduction and expansion of Social Entrepreneurship concept and initiatives in Armenia. 	<p><i>primary agriculture with producers, IT solution providers and different sectors)</i></p>	
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	Expected Results	Objectively verifiable indicators of achievement	Sources and means of verification	Assumptions & Risks
R3	Improved process of commercialization of ideas linking research institutions and businesses via cooperation networks	<ul style="list-style-type: none"> Number (estimated between 5 and 10) of cooperation fora including MoE and SMEDNC and research organizations/universities in particular economic sectors have been established and work on a sustainable and regular base (at least 4 times a year) Number of recommendations of these fora as to how to improve link between business and research have been implemented by the respective partners Number of new joint cooperation projects between companies and universities (requires monitoring system in universities) Success rate of Armenia in EU calls for proposals related to innovation in science and technology (H2020) 	<ul style="list-style-type: none"> <i>Programme/Meeting reports</i> <i>Progress reports and Evaluations</i> <i>Enterprises survey</i> 	<ul style="list-style-type: none"> <i>The capacity of the research institutions and other engineers to generate innovative concepts/products</i> <i>The willingness of companies to invest in R&D or product development</i> <i>Availability of funding</i> <i>Appropriate framework conditions for IPR are in place</i>
		ACTIVITIES	MEANS	
		<ol style="list-style-type: none"> Technical support to MoE for development and development of a comprehensive Government strategy and action plan including an impact-oriented monitoring and evaluation system to foster innovation with a special focus on SMEs ensuring complementarity with existing related strategies Developing analysis, benchmarks and mechanisms to link research institutions with the private sector (e.g. establishment of cooperation fora with public institutions (MoE, EIF, SMEDNC), research institutions (Think Tanks, Universities) and the private sector). Analyzing feasibility and support reorganization of the Innovation Center at MoE as a cooperation fora between research community and private sector Technical support to prepare state bodies (e.g. State Committee of Science) and the private sector 	<ul style="list-style-type: none"> <i>TA: 1intern., nat. LTE + STE</i> <i>Studies</i> <i>Trainings</i> <i>Seminars</i> <i>Workshops</i> <i>Study Tours, Conferences</i> <i>Cooperation agreement</i> 	

		to access EU innovation support resources and platforms such as the new EU Framework Programme for Research and Innovation (Horizon 2020)		
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	Expected Results	Objectively verifiable indicators of achievement	Sources and means of verification	Assumptions & Risks
R4	Improved design and management of economic clusters (incubators, technoparks and Free Economic Zones (FEZ))	<ul style="list-style-type: none"> The concept for the design and improved management of economic clusters (business incubators, technoparks, FEZ) has been elaborated or reviewed with close cooperation of private sector and government. Number economic clusters have improved their management practices (income growth rate has increased or cost of management have decreased) Number of SMEs that have been registered in economic clusters and are using services 	<ul style="list-style-type: none"> Programme/Meeting reports Progress reports and Evaluations Enterprises survey 	<ul style="list-style-type: none"> Concept of Free Economic Zones/Acceleration Zones is sufficiently funded/supported by AM government Mitigate the risk of mismanagement
		ACTIVITIES	MEANS	
		<ol style="list-style-type: none"> Strengthening the capacity of the MoE on improving the concept and policies for implementation and promotion of economic clusters (business incubators/ technoparks/FEZ) Support for improving the management of economic clusters (e.g. establishment partnership with European peers for experience exchange and/or twinning) Develop and promote new areas for business incubation and support (indicative new subsectors such as engineering and biotech, clean tech, resource efficiency, mining) Support to set up or upgrade an impact monitoring system for measuring the success rate of provided innovation instruments 	<ul style="list-style-type: none"> TA: 1 intern, nat. LTE + STE Trainings Seminars Workshops Long-term cooperation agreements Business mentorship program Study Tours International Conferences 	

	Expected Results	Objectively verifiable indicators of achievement	Sources and means of verification	Assumptions & Risks
R5	Diversified access to finance for innovative start-up and existing small businesses.	<ul style="list-style-type: none"> Number of grants/financial services provided to industry and researcher's joint collaboration Number of new/innovative ideas that have been applied by private sector and lead to the establishment of a company. 15% of newly registered companies (at least 30% of them are women) are operating at least 2 years 	<ul style="list-style-type: none"> <i>Programme/Meeting reports</i> <i>Progress reports and Evaluations</i> <i>Enterprises survey</i> <i>Number of joint interactions (baseline)</i> <i>Number of tendered/sold research projects</i> 	<ul style="list-style-type: none"> <i>The capacity of the research institutions and other entrepreneurs and engineers to generate innovative concepts/products</i> <i>The willingness of companies to invest in R&D or product development</i> <i>Availability of funding</i> <i>Sufficient support of public sector to enable economic accelerating environment</i>
		ACTIVITIES	MEANS	
		<ol style="list-style-type: none"> Provide action grants to support technology start-ups and SMEs promoting new products/services. Such grants aim at stimulating the rate of technology absorption, technology transfer, innovation and commercialization in the private sector, and fostering collaboration between research centers and SMEs. Provide technical support to EIF and SMEDNC to design and implement business acceleration/mentorship/coaching programmes for entrepreneurs and/or recipient of STEP and IMG grants and develop innovation toolkit targeting SMEs, such as "Innovation Vouchers". 	<ul style="list-style-type: none"> <i>TA: 1 intern, nat. LTE + STE</i> <i>Trainings, Seminars (Entrepreneurships, Business Development)</i> <i>Funding for grants</i> 	