



UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

Project of Armenia

Project number: SAP ID 14
Project title: Improving Competitiveness of Export-Oriented Industries in Armenia through Modernization and Market Access
Thematic area code EC24 Industrial Export Promotion and SME consortia
Starting date: July 2014
Duration: 24 months
Project site: Yerevan, Armenia and other regions to be identified by the counterpart
Government co-ordinating agency: Ministry of Economy of the Republic of Armenia
Counterpart: Armenian Development Agency
Executing agency: UNIDO
Project Inputs:
- Project costs USD 885,000
- Support costs (13%): USD115,000
- Total project costs: USD1,000,000 (the Russian voluntary contribution to UNIDO IDF for 2013 and 2014)

Brief description:

The request for UNIDO's technical assistance in the implementation of the National Export-Oriented Industrial Policy was expressed by H.E. Mr. A. Kirakossian, Ambassador of Armenia in Austria and Permanent Representative to UNIDO, at a meeting with UNIDO Director General on j7 March 2012, and was supported by a letter from H.E. Mr. T. Davtyan, Minister of Economy of the Republic of Armenia to the Director General dated 27 March 2012. The objective of the project is to maintain and improve the market share of local textile and clothing enterprises in the domestic market and contribute to Armenia's effective integration into regional and international markets. Specifically, the project aims to build local technical capacity to support SME development and modernization to position Armenian products as high-end design goods. This will be achieved by upgrading technical capacities in innovative fashion design and modelling, promoting business networking and institutional partnerships between textile producers, designers of ready-made clothing, and export promotion. The UNIDO project is expected to contribute to the revival of the textile and clothing sector and to improve Armenia's international position in manufactured value addition, manufactured exports and global competitiveness. This will be achieved through the identification of regional export opportunities for Armenian textile and clothing producers, the promotion of industrial modernization and improving enterprise competitiveness, and scaling up activities through building national technical capacities. As a result, SMEs operating in the textile and clothing sector will modernize their businesses, expand production, raise quality and gain access to markets with the support of reinforced national technical expertise.

Approved:

	Signature:	Date:	Name and title:
On behalf of:			
Ministry of Economy, Republic of Armenia:		23.09.2014	Mr. Karen Chshmaritian Minister of Economy
UNIDO:		23.09.2014	Mr. LI Yong Director-General

B.3. Counterpart organizations

The main coordinating agency for the proposed project is the Ministry of Economy of the Republic of Armenia.

- *The Ministry of Economy of the Republic of Armenia* is the main government body responsible for the development of economic policy directed towards sustainable economic growth. The Ministry of Economy has developed export-oriented industrial policy, focused on the development of sectors, creating favourable business conditions to improve competitiveness and raise export volumes. The textile and apparel sector is among the priority sectors, involved in the above mentioned strategy.

The main counterpart for the proposed project is Armenian Development Agency.

- *The Armenian Development Agency (ADA)* was established in 1998 by the Government of Armenia to facilitate FDI and promote exports. ADA is the implementing body of the export-oriented industrial policy of Armenia developed by the Ministry of Economy. ADA acts as "one-stop shop" agency for investors assisting them in setting up their business in Armenia, helping in project implementation, performing a liaison role with the Government, providing information on investment opportunities, as well as investment related regulations and laws. In its export promotion activities, ADA helps to find markets for products, undertakes market studies and seeks out partners for joint ventures aimed at increasing exports and the development of Armenian enterprises. ADA also organizes international conferences, business forum events, trade fairs and exhibitions. The Armenian Government considers ADA as the main national intermediary for bridging gaps between policy development and implementation and the public and private sectors. ADA is the implementing body of the export-oriented industrial policy and will be responsible for the implementation of the selected sectorial strategies, particularly competencies for the development of enterprises, the input of quality management systems and the provision of technology transfer.

The key stakeholders for the project implementation will be the Industrial Development Foundation of Armenia (IDF), the UNIDO Centre for International Industrial Cooperation in Armenia (CIIC), and the Innovation and Industry Development Fund (IIDF).

- *The Industrial Development Foundation of Armenia (IDF)* has the main objective of extending financial, technical and organizational support to export-oriented companies through, inter alia, coordination and implementation of innovation programmes on industrial development, increasing competitiveness of industrial companies, and the promotion of public-private dialogues. In particular, IDF provides financial, technical and organizational support to the implementation of the Strategy for Development of the Textile Industry and seeks collaboration with the current UNIDO project for the joint implementation of the strategy.
- Established in January 2013 in Yerevan, *the UNIDO Centre for International Industrial Cooperation in Armenia (CIIC)*¹³ will perform a coordinating role in the project implementation, as well as play a key technical role in facilitating the delivery of enterprise diagnosis and modernization services to enterprises, international business networking, sub-contracting and supplier matching, and inter-institutional partnerships programmed under the current project. International technical expertise, experience and knowledge accumulated by UNIDO

¹³ The UNIDO Centre for International Industrial Cooperation in Armenia (CIIC) was established within the framework of a UNIDO regional EurAsEC project carried out in accordance with the Agreement between UNIDO and EurAsEC with financial support provided by the Government of the Russian Federation.

CIIC within the previously conducted activities (including the 2011 First Textile Forum) and technical capacities to be built during the current programme implementation will form the core for sustaining the modernization of the Armenian light industry in the mid- to long-term.

- *The Innovation and Industry Development Fund (IIDF)* is a non-profit organization established in 2012. IIDF's main objectives are to provide specialized services to support technological improvements and technical solutions, skills upgrading, improvement of management, access to new markets and integration into value chains, solutions for energy efficiency and protection of the environment.

F. Monitoring, reporting and evaluation

Management: A project Advisory Board will advise the project implementation team (formed on the basis of UNIDO CIIC, see below), and the Intentional Expert on Textile and Garment/Team Leader on the overall coordination and management of the project implementation. It will, inter alia, provide overall monitoring and ensure the follow-up of the project implementation activities, endorse enterprise and institution selection criteria, facilitate and promote synergies with national programmes and those of international development partners, and carry out respective project promotion and resource mobilization activities. The Advisory Board shall also serve as an effective platform for ensuring the incorporation of ISID into national policies and development goals. During the Project Preparatory Mission, the national counterparts (Ministry of Economy, ADA, IDF) recommended to base the Advisory Board within the capacity of the existing Sub-Sectorial Council on the Implementation of the National Strategy for Development of the Textile Industry. Subject to the approval by the Sub-Sectorial Council, the Advisory Board will be composed of 7 to 11 representatives from the national administration (Ministry of Economy), agencies and funds in charge of industrial development (ADA, IDF), support institutions, professional and private sector associations (Light Industry Association, Union of Manufacturers and Businessmen, fashion centres, etc.). The Advisory Board will also serve as a public-private dialogue platform enabling enhanced cooperation and contributing to increased role and involvement of private sector in the country's endeavors towards inclusive and sustainable industrial development.

The overall technical management and coordination of the project implementation will be ensured by a team of project experts composed of the International Expert/Team Leader and UNIDO CIIC national staff under the technical guidance and supervision from the UNIDO Project Manager (PTC/BIT/CBU, Headquarters). International expert will be the team leader of project experts, work in close collaboration with key national stakeholders, report to UNIDO and to the project Advisory Board.

The UNIDO CIIC (Centre for International Industrial Cooperation) in Yerevan will act as the project implementation arm at the national level. It will play a key technical role in facilitating and up-scaling of enterprise diagnosis, industrial modernization and other services programmed under the current project. International technical expertise, experience and knowledge accumulated by UNIDO CIIC within the previously conducted activities (including the 2011 First Textile Forum) and technical capacities to be built during the current programme implementation will form the core for sustaining the modernization of the Armenian light industry in the mid- to long-term.

Monitoring: Monitoring activities will be carried out on the basis of the periodic reports prepared by the Project Team Leader, the reports of the international experts, and based on the evidence collected during the visits carried out by the UNIDO project manager. The monitoring will be carried out taking into account the indicators listed in the Logical Framework Analysis (Annex 1).

A detailed baseline will be developed following the inception of the project implementation. In addition to monitoring the quantitative results, the national experts will prepare a short qualitative Project Progress Report every year using the standard UNIDO template, which will be used as input for reporting to the Donor.

The project manager will monitor the progress of the project. The project will be subject of a tripartite review (by the Ministry of Economy of Armenia, Donor, and UNIDO) at the end of the project and a final evaluation report will be prepared.

Reporting: The Project Team Leader will present a report to UNIDO and the Advisory Board every three months on the activities realized during the implementation of the project work plan. The report will also cover the benefits and impacts achieved from the implementation of these activities. In addition, the report will include evidence to demonstrate the progress made in the achievement of the indicators enlisted in the Logical Framework Analysis.

Evaluation: The UNIDO project manager will review the baseline and follow-up data and suggest revisions to be taken into account by the Advisory Board. At the end of the project, the Advisory Board will meet with representatives of the target beneficiaries to review the project's overall impact and prepare an evaluation report. This should be circulated sufficiently in advance to allow technical clearance by UNIDO and be followed by a terminal review meeting involving Ministry of Economy of Armenia, Donor and UNIDO upon completion of all other project activities.

The project will be subject to an independent terminal evaluation in line with UNIDO Evaluation Policy.