

**Statement by**  
**Ms. Elina Simonyan**  
**Advisor, Ministry of Economy of the Republic of Armenia**  
**at the 6th session of the Steering Committee on Trade Capacity and Standards**  
***21-22 June 2021 (Online)***

The outbreak of coronavirus (COVID-19) in the world economy has caused an emergency situation and decrease of global economic growth, as existing restrictions are hurting key industries such as the export industry, agriculture, tourism and the hotel industry. Due to the crisis, organizations have faced a number of problems, including restrictions on employees' workplaces, supply chain disruptions, and declining demand due to changes in consumer behavior and government-imposed restrictions.

Considering the importance of the SME sector development in Armenia's economy and its potential Government policies to support SME development have recently greatly improved in Armenia, which is evidenced by the adoption of the Government decree in August this year, approving the SME Development Strategy for 2020-2024.

The strategy aims to increase SME competitiveness by implementing reforms in key areas such as the regulatory framework, access to resources, including finance, human capital development, market access, and entrepreneurial culture. The Strategy clearly defines the SME Development Policy Framework, Goals, Expected Results and activities. It has been developed based on comprehensive analysis of the current economic situation in the country, business and institutional environments, as well as OECD SBA assessment results. The Strategy also addresses

the challenges caused by the spread of the coronavirus on SME sector and provides the approaches on its possible mitigation.

The Government of Armenia showed its quick response to COVID 19. Throughout April 2020, following the declaration of state of emergency, the Ministry, in collaboration with the Business Support Office (BSO) and Investment Support Center (ISC) conducted a series of online webinars intended for businesses operating in the country. They were aimed at helping entrepreneurs in overcoming challenges they were facing because of the imposed lockdown. More than 20 webinars were held, with a participation of around 3000 entrepreneurs, covering various topics and areas, each accompanied by a survey. According to the survey results, businesses currently require consulting in many different areas, e.g., Strategic Management (32%), Marketing (23%), Taxation (11%), Financial Management (14%), Human Resources (2%), Legal (7%), and others (12%). Based on the reviews, comments and recommendations made by the participants, a new coaching project called #BusinessagainstCOVID19 was launched by the Ministry. The latter was an online consulting led by top specialists on more than 100 different topics, covering a total of 1000 hours of personalized coaching.

The Government of Armenia has designed and launched more than 25 social and economic mitigation programs. The main objective of the economic programs is to mitigate the liquidity risks they face due to the COVID-19 outbreak, and to create the possibility of temporary access to financial resources. The programs have mainly sector specific targets, supporting mainly those sectors which are mostly affected, such as tourism, accommodation and food services, transport, agriculture, construction etc.

**Government measure N1** provides loans with preferential conditions to companies. The means of assistance included co-financing, refinancing, subsidizing of the businesses with a good credit and tax history.

**PROGRAM 2 and 24** are designed specifically for companies in the sphere of agriculture.

**the Government measure N3** has been designed specifically to assist SMEs to continue and rearrange their activities or adapt to the changed economic situation. The means of assistance included soft loans (interest free), depending on the turnover amounted to maximum 50 million AMD , to around 90.000 EUR. More than 800 companies benefited and were able to continue their operations.

**Government measure N10** provides small grants to microbusinesses.

**The Government program N19**, which has been recently launched aimed at supporting start-ups and innovations. Eligible applicants, who successfully completed business training may receive credit guarantees to receive a credits from commercial banks on preferential conditions. Currently there are more than 800 applicants and more than 400 currently undergo a training phase. 130 business models have already been evaluated, 60 of which have passed to the interview stage.

There are other programs which include MSE sector as well, such as **PROGRAMS 5, 18 and 21 completed**). The objective of the programs is to support the maintenance of effective jobs and the form of assistance is a lumpsum grant

The objective of **PROGRAM 17** this programs is to encourage the implementation and commercialization of innovative ideas in the industry. And the objective **of 23rd program** is to support individual tourism businesses in Armenia.

In addition to government support programs, the Ministry of Economy of the Republic of Armenia, in cooperation with the Investment Support Center, has developed an information platform for business support. The purpose of the platform is to raise awareness of local and international business support programs, courses, grants and educational activities, as well as to intensify participation in these areas.

BSO, in collaboration with the Ministry, developed the “Business Continuity Planning amid COVID19 in Armenia” Guideline that provides companies with precise recommendations to be followed, and steps to be undertaken in the face of the current economic downturn.

All these measures had a positive effect on Armenia’s economy, however, there is still a lot of work to be done to neutralize the effects of the coronavirus and to restore the economy. There is a strong need for technical, consulting and financial assistance to design targeted policies, implement support programmes, as well as for the exchange of experience and the creation of opportunities to apply international best practices in Armenia. In particular:

- support for the implementation of the SME development strategy is needed to facilitate Armenian SMEs’ participation in global value chains and strengthen their linkages with foreign investors,
- support for restructuring those sectors which are mostly affected, such as tourism, accommodation and food services, transport, construction etc,
- support for redesigning and implementation of policies aimed to support development of innovation and internationalization of the economy.