



Ministry of Economic Development and
Investments of The Republic of Armenia

Innovation Support in Armenia

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Technological Development*

INNOVATION

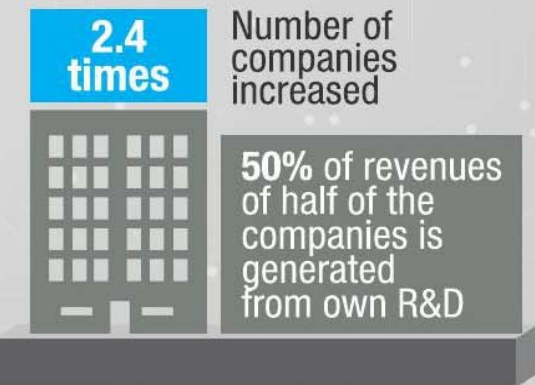
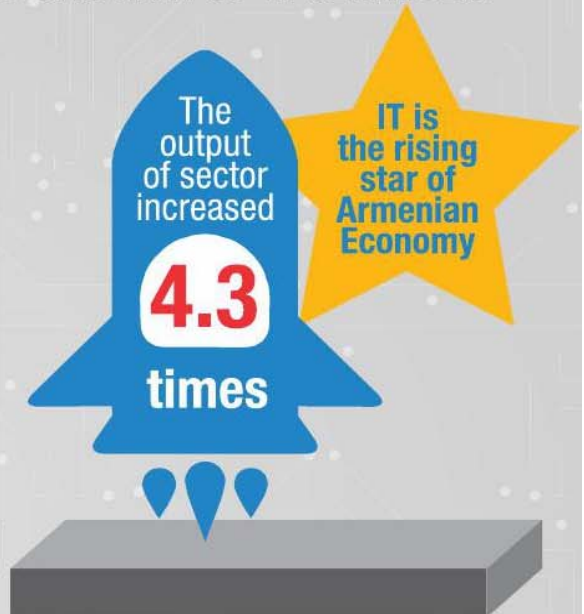
Innovation is the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organisational method in business practices, workplace organisation or external relations

The ultimate reason for a firm to innovate is to improve firm performance, for example by increasing demand or reducing costs. A new product or process can be a source of market advantage for the innovator. Innovation is a key driver of business competitiveness.

Innovation is much more than just research and development. While R&D plays a vital role in the innovation process, much innovation activity is not R&D-based, yet relies on highly skilled workers, on interactions with other firms and public research institutions, and on an organisational structure that is conducive to learning and exploiting knowledge.

IT SECTOR IN ARMENIA

ARMENIA- "SILICON VALLEY" OF THE REGION: OUTPUT AND GROWTH OF IT SERVICES

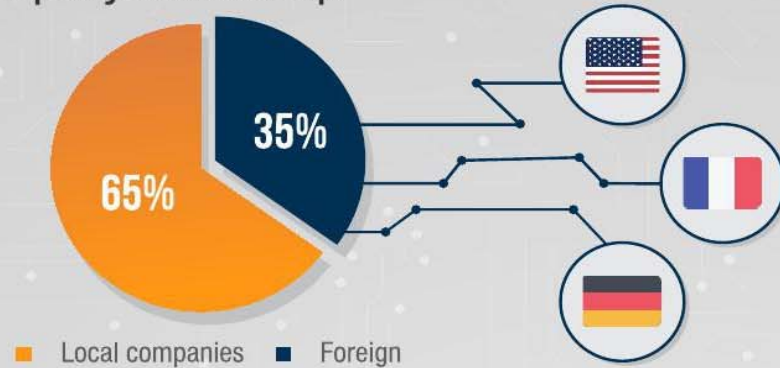


Moving at the speed of digital

CAGR 33% (2010-2015), fastest in Armenia compared to other sectors

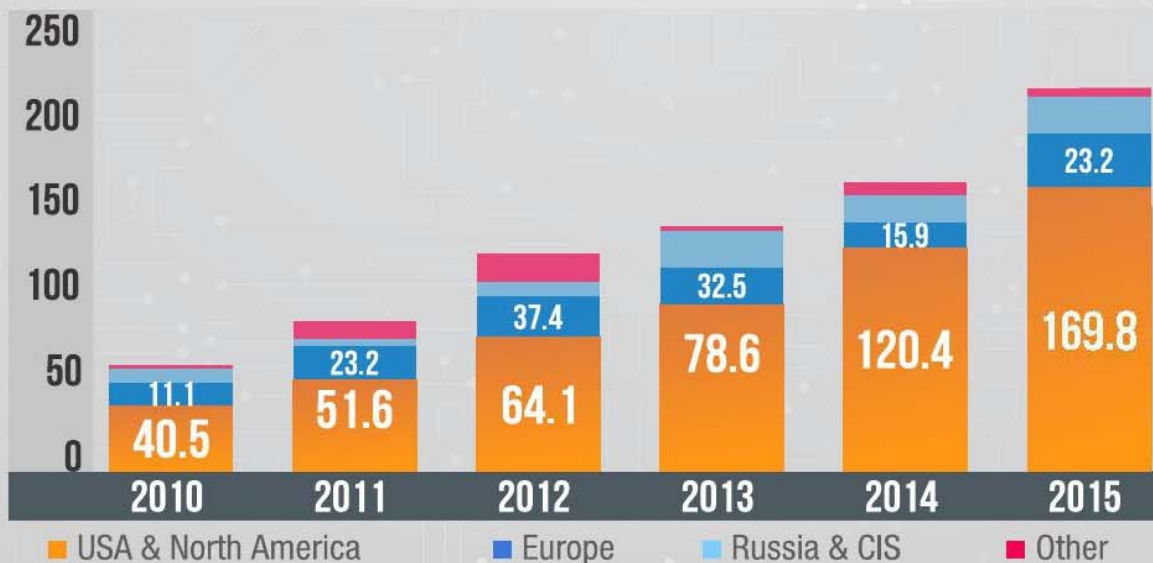
IT SECTOR IN ARMENIA

Company Ownership



Armenia is a Preferred place for business for many global players

Export Structure of IT (\$, mln)



Main export market for Armenian IT companies is USA & Canada, with highest share of this market - **79% in 2015**

Armenian IT sector insources services from all over the world

Big innovation powerhouse

IT SECTOR IN ARMENIA

EMPLOYMENT & PRODUCTIVITY

EMPLOYMENT IN IT



The employment has increased by more than **2.35 times** during 2010-2015.
IT sector has about the highest salaries

PRODUCTIVITY IN IT



\$48,000 per 1 technical employee labour productivity, which is several times higher compared to other sectors.

Affordable & productive workforce with proficiency in English

Home of the brightest minds

GOVERNMENT SUPPORT

INFRASTRUCTURE DEVELOPMENT

- Establishment of Technology Centers

SUPPORT FOR INNOVATION AND STARTUPS

- Various grant programs, first technology Venture Capital fund for Armenia
- Tax privileges for newly established and startup entities in IT sector (0% profit tax, 10% income tax)

SUPPORT TO THE DEVELOPMENT OF E-SOCIETY IN ARMENIA

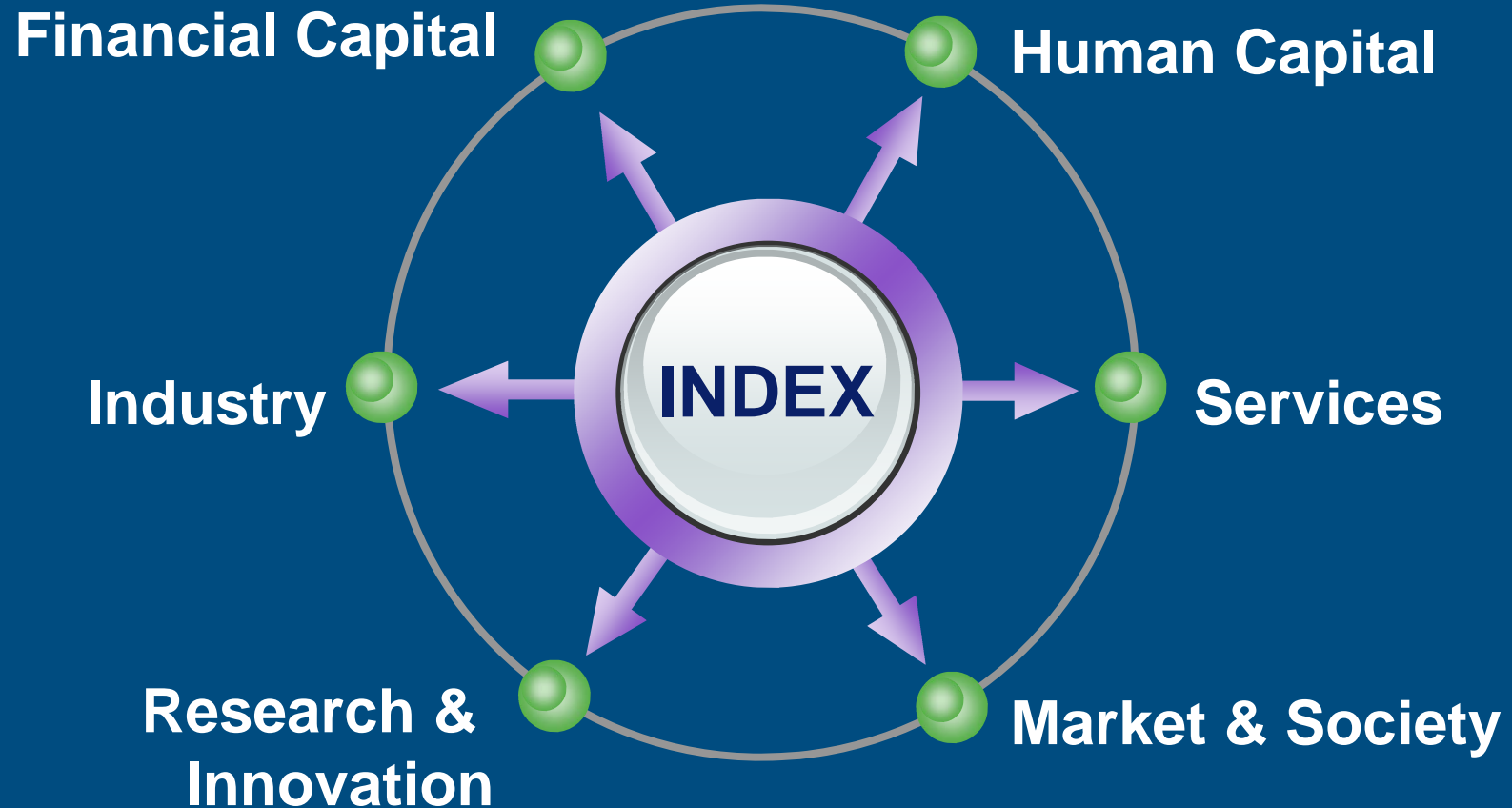
- e-Gov, e-Signature, e-Health, etc

SUPPORT TO PPP DEVELOPMENT

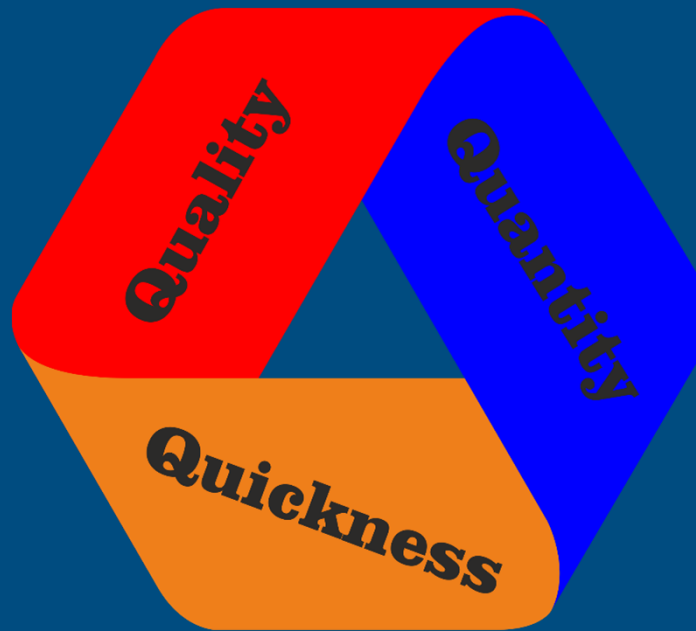
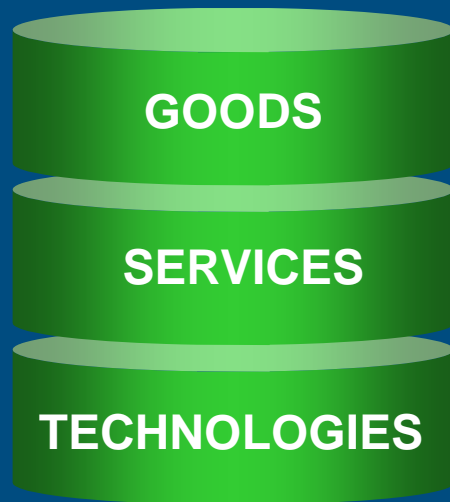
- Successful Public Private Partnerships (PPP) were implemented with Microsoft, IBM, NOKIA, National Instruments in the amount of \$10mln.
- \$20mln fund is available from the Government for implementation of new PPP initiatives

> \$100mln investments was provided by the Government of Armenia for the sector development

National Innovation Ecosystem



INDEX - MAIN GOALS



INDEX - MAIN INSTRUMENTS

Innovation

ICE
Innovation Clusters for Export

Interest

SEA

Service Export Advancement

Initiative

BEE

Business Environment for Exporters

Information

PIE

Projects for Innovation and Export

Integration

EGG

Environment for Global Growth

Intensity

OAK

Ongoing Accumulation of Knowledge

Inspiration

WIN

Worldwide Innovation Network

SME SUPPORT



“Small and Medium Entrepreneurship Development National Center” Fund (SME DNC of Armenia)

Established by the
decree of the
Government of
Armenia in 2002.

10 regional branches
3 representative
offices

- Information and Analytical Consulting
- Training (Start-up business support program)
- Financial Support
- Local Economic Development
- Business Internationalization

SME DNC of Armenia

Information & Consulting

Awareness raising of SMEs on business legislation

Consultancy on taxation and customs

Licensing, Standardization, Certification,

Financial Management and Accounting

Workshops & Publications

Start-up Business Support Program

Establishment of new SMEs and workplaces in the marzes of Armenia,

Support in realization of new business initiatives,

Upgrading business knowledge and skills of start-ups,

Facilitating access to finance.

Financial Support

Start-up Credits

Amount: 20000 USD

Interest rate: 10%

Duration: 5 years

Collateral: 100%

Guarantee provided by SME DNC of Armenia

Loan Guarantees to start-ups and operating SMEs

Duration – 5 years

Guarantee - up to 70% of loan amount, but not more than 36000-37000 USD

Support to SME Development in Armenia (SMEDA)

Within Private Sector Development in South Caucasus Programme

Period 01/2016 – 12/2019

Funds co-financed by EU (+ BMZ)

Partner Ministry of Economic Development & Investment



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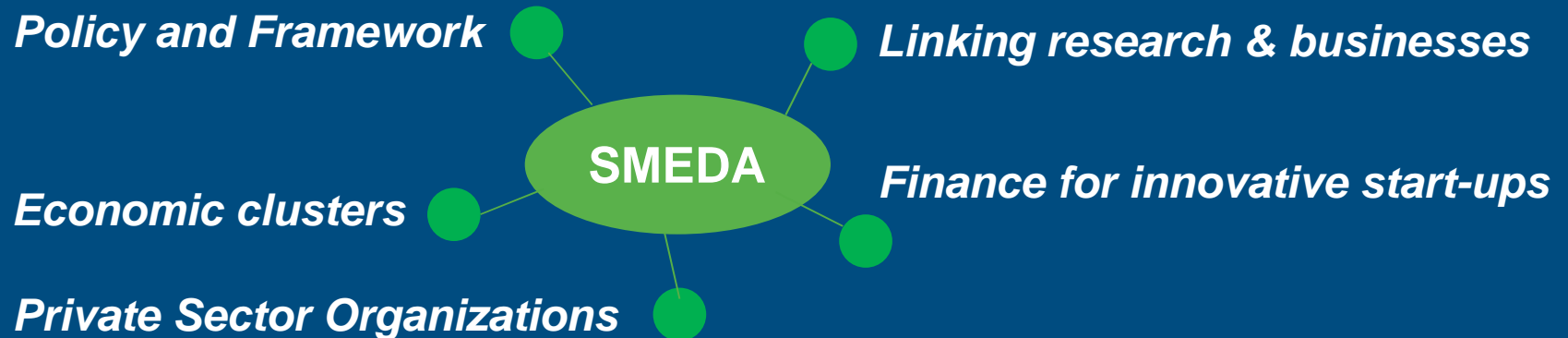
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Support to SME Development in Armenia (SMEDA)

Objective

Improve the national business and investment climate and support the creation and development of SMEs to enable broad based growth



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Support to SME Development in Armenia (SMEDA)

Result Area 1

Policy and Framework

- Support to implementation of the SME Strategy
- Developing SME Statistics
- Designing and Implementing Monitoring System



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Support to SME Development in Armenia (SMEDA)

Result Area 2

Private Sector Organisations

- Strengthening Business Member Organisations in Armenia
- Call for Proposal for BMO/BSO Consortia
- Capacity Development for improved BMO management (services, finances, membership, etc)



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Support to SME Development in Armenia (SMEDA)

Result Area 3

Linking research & businesses

- Developing mechanisms to link research institutions with the private sector
→ *Development Support the establishment of S2B-structures and cooperation fora in universities and research institutions*
- Support to prepare state bodies and the private sector to participate in EU innovation support (e.g. Horizon2020) → *Capacity building for Network National Contact Points*



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Support to SME Development in Armenia (SMEDA)

Result Area 4

Economic clusters

- Improved design and management of economic clusters

→ *Capacity building for incubators, technoparks & Free Economic Zones*

- Develop and promote new areas for business incubation and support

→ *Development of cluster activities in different fields*

→ *Sector Study for Precision Engineering*



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Support to SME Development in Armenia (SMEDA)

Result Area 5

Finance for innovative start-ups

- Action grants to support technology start-ups and SMEs promoting new products/services

→ *Provision of Innovation Matching Grants (IMG) and Science & Technology Entrepreneurship Programme (STEP)*

- Support to design and implement business acceleration mentorship programmes

→ *Technical Support to EIF and SMEDNC text*



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Thank You !