

# ASSESSMENT OF WOMEN ENTREPRENEURSHIP DEVELOPMENT IN ARMENIA

Survey Report



# **Assessment of Women Entrepreneurship Development in Armenia**

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Survey Report

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Implemented by the Republican Union of Employers of Armenia (RUEA)

# Contents

<b>List of abbreviations.....</b>	<b>3</b>
<b>Introduction.....</b>	<b>4</b>
<b>Chapter 1. Legislative and institutional framework for the development of women entrepreneurship in Armenia.....</b>	<b>6</b>
1.1. Overview of RA Constitution from viewpoint of gender policy .....	6
1.2. Overview of Labour code .....	6
1.3. International legal acts ratified by Armenia .....	6
1.4. Dynamics of gender policy development in Armenia .....	7
1.5. Economic policies, laws and regulations focusing on entrepreneurship .....	8
<b>Chapter 2. Women in entrepreneurship sector: the current situation and implemented projects .....</b>	<b>11</b>
2.1. Overview of private sector in Armenia.....	11
2.2. Activities implemented after the adoption of the Gender Policy concept .....	18
2.3. RUEA projects in women entrepreneurship sector.....	19
2.4. Non-governmental organizations and women entrepreneurship assistance projects.....	22
<b>Chapter 3. Women entrepreneurship development assessment survey results .....</b>	<b>24</b>
3.1. Survey results among 120 women entrepreneurs.....	24
3.2. Focus group discussions .....	32
<b>Conclusions and recommendations .....</b>	<b>34</b>
Conclusions.....	34
Recommendations.....	35
Recommendations for the development of RUEA services targeted at women entrepreneurs .....	36
<b>List of diagrams and tables .....</b>	<b>38</b>
<b>References.....</b>	<b>39</b>

## List of abbreviations

ADB	Asian Development Bank
AYWA	Armenian Young Women Association
EBRD	European Bank for Reconstruction and Development
EDMC	Enterprises Development and Market Competitiveness
FIC	Financial Intervention Loan
GDP	Gross domestic product
ILO	International Labour Organization
IT	Information technologies
MIn	Million
MM	Mass Medias
MSME	Micro, Small and Medium Enterprises
NGO	Non-governmental organization
NSS	National Statistical Service
PR	Public relations
RA	Republic of Armenia
RA NA	National Assembly of the Republic of Armenia
RUEA	Republican Union of Employers of Armenia
SME	Small and medium enterprises
SMEDNC	Small and Medium Entrepreneurship Development National Organization
UN	United Nations
UNDP	United Nations Development Program
USAID	United States Agency for International Development
WE	women entrepreneur
WED	women entrepreneurship development

## Introduction

Women and men have different roles and responsibilities in the society, different accessibility to resources and goods. As a result Armenia's state policy and legislation have different influence on both women and men. Gender issues are an important part of the activities of the Government of Armenia and of different local and international organizations operating in Armenia. Among other programs, gender equality promotion programs define the priority to promote equal possibilities for women to get involved in political, social and economic sectors both in local and public level.

The gender policy of Armenia is focused on the assurance of equal rights and opportunities for all citizens and in all aspects of their social life, regardless of sex. The study of gender differences with respect to women and men rights and opportunities argues that the basis of gender inequality is the unequal condition women and men face in the economic sector, and the traditional distribution of gender roles that is still maintained and even reinforced in Armenia. It is evident that the current condition may change only through the implementation of complex activities with a long-term influence on the society and social institutions.

The existing inequality regarding the respect of women and men's rights and opportunities in socio-economic life is conditioned not only on cultural traditions and socio-economic situation, but also on the absence of gender components and gender ideology in the current policy. The socio-economic difficulties Armenia faced after the independence deeply affected the place and role of women and men in the family and society, as well as their social status. In addition, these changes had a double and contradictory nature. Under the conditions of an unprecedented unemployment and migration the role of men as bread-winners of the family was reduced and this burden was imposed on women's shoulders. In the legal field the equality between men and women was maintained, but the same thing cannot be said for their opportunities.

The problem of equal rights and opportunities of women and men, the expansion of opportunities for women in the public and socio-economic sectors and the development of a state policy are the main strategic goals that are included in international conventions and treaties, such as *Beijing Declaration and Platform of Action*<sup>1</sup>, *UN Convention on Elimination of all Forms of Discrimination against Women*<sup>2</sup>, and in state documents, such as *Action Plan for 2008-2012 of the Government of Armenia*<sup>3</sup> (decision N878-N, July 2008), *Gender Policy Concept Paper*<sup>4</sup> (approved by the Government protocol), *Sustainable Development Program of Armenia*<sup>5</sup>. According to the *Global Gender Gap Report*<sup>6</sup>, Armenia is in the 94<sup>th</sup> place among 136 countries in 2013.

These suppose a development of approaches and policies free of discrimination, implementation of reforms and provision of sufficient resources for the monitoring. Problems exist in different levels and sectors, such as:

- in management sector and on decision-making level
- in socio-economic sector
- in educational sector
- in health sector
- in culture and public information sectors

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<sup>1</sup> <http://www.un.org/womenwatch/daw/beijing/platform/>

<sup>2</sup> <http://www.un.org/womenwatch/daw/cedaw/text/econvention.htm>

<sup>3</sup> [http://mincult.am/datas/media/2\\_HH\\_Karavarutyan\\_2008-2012%204.4.4..pdf](http://mincult.am/datas/media/2_HH_Karavarutyan_2008-2012%204.4.4..pdf)

<sup>4</sup> [http://www.gov.am/u\\_files/file/kananc-xorh/Gender-hayecakarg.pdf](http://www.gov.am/u_files/file/kananc-xorh/Gender-hayecakarg.pdf)

<sup>5</sup> <http://www.gov.am/files/docs/165.pdf>

<sup>6</sup> World Economic Forum 2013. *The Global Gender Gap Report*.

Strengthening of women's role in the society, particularly participation of women in business, can be a solution to the matter.

The purpose of the current survey is to develop RUEA services targeted at promotion of women entrepreneurship. With that purpose, RUEA will rely on "Strategic planning workshop results" carried out in 2013.

Women need support and encouragement through training programs and consulting, to increase awareness, particularly on business legislation, their rights, access to finance, on how to run a business, on management skills, etc. In order to assess their needs and to find out what support and services are being offered, and can be provided to women entrepreneurs, there is need for up-date and an expanded on the survey among women entrepreneurs, which RUEA carried out in 2009 by the support of ILO.

The main purpose of the intervention is to help RUEA identify and develop services that it could provide to women entrepreneurs, which on its turn would not only facilitate to women's entrepreneurship in Armenia, but would also increase RUEA membership amongst women entrepreneurs and strengthen the representativeness and revenue base of the organization.

The current comprehensive survey on WED Assessment in Armenia has been implemented by the support of ILO/ACTEMP.

This survey would also be used for needs assessment, identification and feasibility evaluation of new services and other support mechanisms (prospective) women entrepreneurs would require in starting/developing their business which RUEA might provide, including enhancing RUEA advocacy and lobbying on behalf of women entrepreneurs. The results of the survey will be used to develop a strategic plan for the provision of new and sustainable services to members and potential members and for developing policy recommendations on promoting WE in Armenia (working group consisting of RUEA staff, researchers and RUEA SME and Women entrepreneurship sectorial union's members).

# **Chapter 1. Legislative and institutional framework for the development of women entrepreneurship in Armenia**

In this chapter an attempt was made to present an overview of legal and business environment for women entrepreneurs: policy, regulatory and legal framework and business legislation.

## **1.1. Overview of RA Constitution from viewpoint of gender policy**

The gender policy is based on the RA Constitution, laws, international conventions ratified by RA, as well as on other international policy referral instruments.

According to article 8 of Constitution of Armenia, the right to property shall be recognized and protected in the Republic of Armenia. Freedom of economic activity and free economic competition shall be guaranteed in the Republic of Armenia. The article 31 of the Constitution defines that everyone shall have the right to possess, use, dispose of, and bequeath his or her property at his or her discretion. No one may be deprived of property, except through judicial procedure in cases provided for by law.

The Constitution of Armenia does not define any limitation for women in socio-economic relations. Article 14.1 of the Constitution defines that all human beings shall be equal before the law. Discrimination based on sex shall be prohibited.

## **1.2. Overview of Labour code**

The Labor Code of Armenia also prohibits any discrimination based on sex: men and women shall get an equal pay for the same or equivalent work and the same criteria for the introduction of qualified work systems, etc. In the Labour Code maternity and not the fact of being a parent is viewed as an object of legal employment relations. Article 114 of the Labor Code defines that the employment contract of pregnant women shall not be terminated by the initiative of an employer starting from the day on which the employer receives a medical certificate confirming pregnancy and one month after the end of maternity leave, and the employees will taking care of a child till the age of one year, except for the cases when the employer is recognized as bankrupt or the organization is liquidated. Article 258 on maternity leave of the Labor Code defines that pregnant woman, who takes care of a child less than one year of age shall not be engaged in a work comprising hard and harmful or particularly hard and particularly harmful conditions. The same article provides that when a pregnant woman taking care of a child less than one year of age has to attend medical examinations or nursing the child, the employer should release her from work, preserving her average wage.

## **1.3. International legal acts ratified by Armenia**

From the formal legal point of view, the Republic of Armenia has ratified almost all international legal acts on gender equality. As a member of UN and European Council and as an independent state inclined to European integration, Armenia assumed certain obligations not only to ratify the key international legal documents, but also to harmonize the national legislation with international standards. In 2003 the Republic of Armenia ratified the European Revised Social Charter the preamble of which defines the use of social rights without discrimination based on sex. In 2007 the Republic of Armenia ratified the protocol of UN Convention on the Elimination of All Forms of Discrimination against Women and UN Convention on Women Political Rights. Armenia ratified the following documents of the European Charter: Declaration of Equality between Women and Men as a Fundamental Criteria of Democracy in 2007, the Comprehensive Approach to the Issues of Equality between Men and Women in 1998, the Equality of Sexes: A Key Question for the Societies in the Changes Phase in 2003. Although these documents do not have a mandatory nature like other conventions and charters, they create several obligations and serve as guide for the state.

Proceeding from these obligations and from the principle of equal rights between women and men, the reforms in legislative sector are still being implemented in Armenia after the independence.

#### **1.4. Dynamics of gender policy development in Armenia**

The years of 1996-1997 can be considered as the starting point of real activities carried out by the Republic of Armenia towards the development of gender policy.

In 1997 the Ministry of Social Affairs of Armenia, in cooperation with UNDP, developed the “Gender policy development program in Armenia” and a corresponding committee was formed for the implementation of the program by the decision No N360 of the Prime Minister of Armenia made on 06.08.1997.

By the decision of the Prime minister of Armenia (29 December 2000), a Council relevant to women issues adjacent to the Government was established. It functions on voluntary bases and is a consulting institution. Authorized persons of different ministries Armenia, deputies of National Assembly, representatives of state institutions and private and social sectors are among the Council members. The purpose of the council is the coordination of activities for solution of women issues, and assurance of women equality. The main activities of the Council include: development of gender policy; development of programs targeted at assurance of women employment; development of recommendations for women entrepreneurship support; and collection and analysis of statistical data on social situation of women.

Later in 2004 the Government of Armenia adopted the “National Program and Plan of Actions for the Improvement of Women's Status and the Enhancement of their Role in the Society of Armenia for the Period of 2004-2010 in the Republic of Armenia”.

The above mentioned national program defines the principles, priorities and main directions of state policy focusing on the solution of women issues. IN the framework of this program, as a strategic direction, the support for women entrepreneurship activity expansion is stated. The range of implemented activities include: privileged micro-credit programs for SME development; cooperation with donor organizations with the purpose of women entrepreneurship development (WED).

On 11 February 2010 the Gender Policy Strategic Action Plan for 2011-2015 and Gender Policy Concept was adopted in February 2010 (No5 decision of the session) and the actions plan for 2011 was also suggested, according to which it was planned to evaluate the gender equality situation in the country, promote gender equality in social, economic and political sectors of the country, fund gender programs, assist SMEs, whose leaders are women, increase loan programs aimed at helping women entrepreneurs.

According to the Gender Policy Strategic Action Plan for 2011-2015, it was planned to:

- Envisage economic incentives and privileges that would make employers more interested in hiring women and men, who have family responsibilities and introduce mechanisms to ensure the continuous development of their professional qualification.
- Promote the creation of new workplaces and salary raises taking into account the gender aspects of the sectors where women employees predominate.
- Ensure the implementation of SMEs public assistance annual projects.
- Create new workplaces for women in the industrial sector (especially sewing and textile industries).
- Support women business activity and stipulate loan programs targeting women's economic initiatives, especially in rural areas.
- Improve the agricultural and rural infrastructures; expand the opportunities of women's participation in the processes of socio-economic development of rural areas.
- Promote the implementation of the programs aimed at overcoming the poverty of women in the rural areas (within the frames of sustainable development project), particularly the implementation

of loan and microloan projects with accessible conditions for the socio-economic development of rural areas.

The Gender Policy Concept Paper defines the primary directions and general strategy of a state policy in relation to men and women and secures the equal rights and opportunities of all citizens in all spheres of social life, regardless of their sex.

The Concept Paper is aimed at creating favorable conditions in legal, social, economic and cultural spheres of life for securing equal rights and equal opportunities for both men and women. It serves as a ground for the state authorities, local self-governing units and civil society institutions to develop action plans and activities directed at the promotion of gender equality. The gender policy concept paper is a precondition for ensuring the sustainable democratic development of society, for establishing an open, democratic and just civil society, the ultimate goal of which is to ensure a nation is developing within legal frames.

In the national strategy on “Human Rights Protection” presented in 2011 there is a special mention about the protection of women rights with the emphasis on the equal rights between men and women in all spheres of social life.

Summarizing the above mentioned points, it can be surely stated that today there are no components that would contribute to the discrimination towards women on legislative and legal levels in the Republic of Armenia. However, the woman participation in public governance, economic and public life still remains unbalanced.

Based on the RUEA survey<sup>7</sup> on WED assessment (2009) and workshop results<sup>8</sup> on WED organized by the Asian Development Bank (ADB) and SME DNC, the following obstacles are met in business among SMEs and women entrepreneurs:

- High taxes and social payment
- Difficulties of making sales (buying capacity of population, unequal competition, etc.)
- Access to finance
- Cost and quality of the utilities (gas, water, electricity)
- Frequent legislation changes
- Tax administration and reporting
- Availability of qualified labor force
- Frequent inspections by state bodies
- Raw materials supply
- Access to and quality of business services
- Condition of local infrastructure

## **1.5. Economic policies, laws and regulations focusing on entrepreneurship**

Armenia has a very liberal economy. According to the Heritage Foundation Index of Economic Freedom, Armenia’s economic freedom score is 68.8, which ranks it 39th in the 2012 index. Compared to the 43 countries in the European region, Armenia is ranked 19th, putting its score above the world and the regional averages. According to the World Bank, Armenia is ranked 37 out of 189 economies in Doing Business 2014. The Doing Business indicator sheds light on how easy or difficult it is for a local entrepreneur to open or run a small to medium-size business when complying with relevant regulations. Against this

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<sup>7</sup> RUEA jointly with “Small and Medium Entrepreneurship Development Centre” NGO by the support of ILO (2009). *WED Assessment in Armenia* (available at [www.employers.am](http://www.employers.am))

<sup>8</sup> Nora Alanakyan (2013). *Assessment of needs for business development services among women entrepreneurs*. Workshop on Women Entrepreneurship Development in Armenia. Yerevan, October 2013.

background, the three main obstacles to running a business in Armenia include contract enforcement, trading across border and paying taxes.

The government of Armenia has acknowledged the main barriers of entrepreneurship (including for women entrepreneurs and for vulnerable groups) and has implemented specific programs or initiatives to support entrepreneurial activities. In this context, state support mechanisms include training, coaching, financing, and consultancy offered by the Small and Medium Entrepreneurship Development National Centre. They also include “Science & Technology Entrepreneurship Program” (STEP) implemented by the Enterprise Incubator Foundation. Moreover, start-up and growth financing programs, as well as entrepreneurship education at universities are being considered for future.

The Government has adopted a range of policies and international conventions to establish gender equality, one of them is the Conception on Gender Policy (February 11, 2010 at Governmental meeting headed by Prime Minister). The Conception includes chapters on (1) governance policy and decision making, (2) social-economic, (3) education, (4) health, (5) culture and (6) trafficking. But it does not include a chapter on WED.

Starting from 2000 the Government much concentrated on entrepreneurship development in general: improvement of legislation, development of economy, etc. The most important measure undertaken for assuring women’s rights in Armenia (April 2004) was the adoption of an Actions National Project (NP) relevant to women situation improvement and women role increase in the society during 2004-2010, The National project includes principles, priorities and directions relevant to women policy of Armenia and is intended to solve the social-economic issues and to assure women and men equal rights and possibilities. Law on Small and Medium Entrepreneurship State Support adopted by the National Assembly in 2000 (amended 2010).

The implementation of these and other policy programmes is delegated to implementing agencies such as:

- The Enterprise Incubator Foundation (EIF) is a key implementing arm of the Ministry of the Economy. Initially it operated as an Agency for support to the ICT sector but recently its activity was extended to the general support of innovation and high-tech sectors. Among other things, it runs several grant schemes and oversees the establishment of technology parks. The EIF operational model is entirely based on the mobilisation of external resources (from governments and other official donors) and private sources (large corporations through public-private partnerships) for the implementation of Armenia’s public innovation support programmes.
- The Armenian Development Agency (ADA) which is tasked with the implementation of the Export-led Industrial Strategy and the facilitation of FDI. It serves as a one-stop-shop for foreign investors.
- The Industrial Development Fund is a separate entity within the Ministry of the Economy which implements all instruments of industrial policy, including the instruments administered by ADA.
- The Small and Medium Entrepreneurship Development National Center of Armenia performs a range of services facilitating and supporting SME development including information support; training and consulting; various forms of financial support to the small business sector (such as loan guarantees for start-ups, for upgrading the business of SMEs); Micro-franchising support to micro-firms; international cooperation.
- The National Center of Innovation and Entrepreneurship (NCIE) is supposed to play an important role in innovation policy design as well as provide various innovation support services. However, it is still in its initial phases of existence and has yet to become a full-fledged functioning entity within its mandate.
- The Intellectual Property Agency is the national body responsible for the legal protection of intellectual property in Armenia.

- The National Competitiveness Foundation of Armenia is a public-private partnership (drawing on international business executives of Armenian descent) with the objective to attract FDI supporting economic development and international competitiveness.

Since 2013, with the support of Asian Development Bank a **Women Entrepreneurship Strategy** has initiated aiming to increase women's participation in the overall economic development in Armenia. The strategy is implemented by SMEDNC.

## Chapter 2. Women in entrepreneurship sector: the current situation and implemented projects

In the modern world the necessity of developing SME is the general requirement for reconstructing and developing national economy. As one of the widely used form of the business life, the small and medium entrepreneurship is the main guarantee for the development, economic growth and sustainability of each country. It also serves as guarantee for overcoming social issues, such as employment, unemployment, social life and life quality of every country. The development of the SME sector is more important for developing countries and countries with transitional economy, because it contributes to the establishment of independent and self-sufficing entrepreneurs, creation of new workplaces. The development of small and medium enterprises (SME) is one of the main imperatives for the reconstruction and development of the national economies. This is the main guarantee for the economic development, expansion of internal market volumes, increase of competitiveness of the local products and the increase of export volumes, by ensuring a political, social and economic sustainability. In general, SME sector is represented by the production and manufacturing enterprises, handicrafts, retail and wholesale trade, farms and the sector of services.

### 2.1. Overview of private sector in Armenia

The development of the private sector of the economy, especially of the SME, is an efficient way in Armenia for the establishment of market system and solution of social problems, taking into account the territorial and gender peculiarities in the employment sector. Currently, despite the taken activities aimed at strengthening women rights, improving the socio-economic situation and increasing the business activity, the attitude towards women in the Armenian society is still far from the global development tendencies.

When talking about the gender issues in the SME sector it should be noted that women entrepreneurship involvement is still in a very low level. The insufficient accessibility to financing, loan, property institutes, property and land use makes women involvement in new economic relations difficult and limits their professional growth and progress in business.

The unequal rights and opportunities between women and men in the sector of the economy increase the risk of discrimination, and the traditional distribution of gender roles becomes a factor that strengthens gender inequality. In Armenia, women spend more time on unpaid housekeeping work than men, so as a result women have less free time than men<sup>9</sup>.

Women and men representation in political and executive branches remains unbalanced. By opinion of various experts, the involvement of women in the economy and their leading positions increase business efficiency, because women in Armenia being cautious and more knowledgeable in business are more sustainable. This is conditioned by the fact that women are more careful and delicate in risk management. In general, women are present in low levels of the economic scale and practically they have a low participation in the economic decisions-making processes.

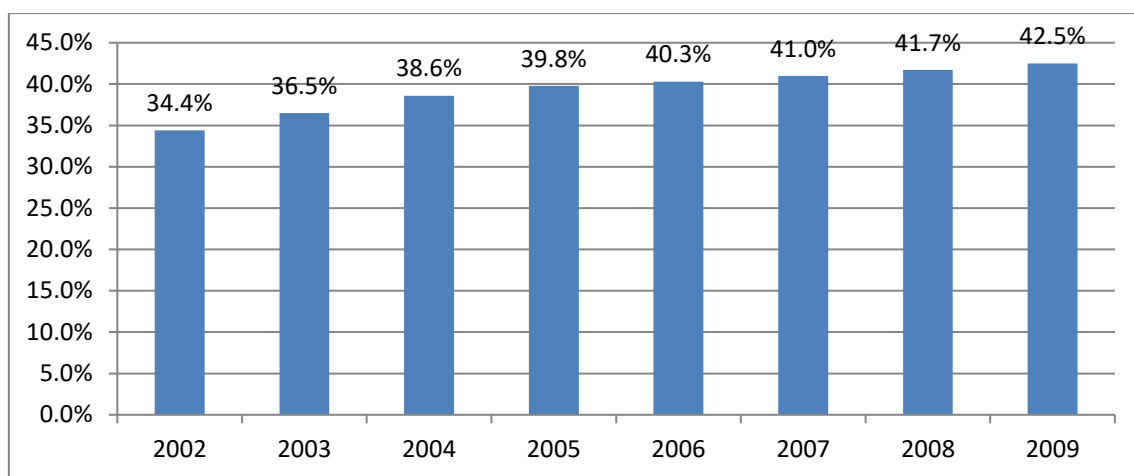
Despite the fact that the educational achievements of women are equal to those of men, women do not fully realize their potential in the economic and business sectors. Thus, women's ownership in the enterprises (31%) and share of leading positions (13.5%) are lower than the average territorial indexes. Women constitute 20-25% of the entrepreneurs, 36.2% of the self-employed and only 10.3% of the employers. The accessibility to economic and social resources is different for two genders. The public index for women participation is also decreasing (from 65% in 2001 up to 54% in 2012).

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<sup>9</sup> RUEA jointly with “Small and Medium Entrepreneurship Development Centre” NGO by the support of ILO (2009). *WED Assessment in Armenia* (available at [www.employers.am](http://www.employers.am))

The lack of access to funding and financial services hinders many enterprises in Armenia and this fact is especially challenging for businesswomen. The funding of SME sector remains insufficient. In 2011 there were about 150.000 micro, small and medium enterprises in Armenia, out of which about 60% or 90.000 were really active. Women SMEs made the 11.0% (or 9.900) of the active SMEs. In 2010 about 13.600 new SMEs were registered, out of which 3.0% (or 400) were registered by women. In general, SMEs constitute 98.5% of the registered enterprises and ensured 43.0% of GDP and 42.5% of the employment, which reflects the doubled investment of SME in the economy since 1999<sup>10</sup>. In 2011 the SMEs share in export volumes of Armenia made 18.0% and increased by 14,3% starting from 2003. About 33.0% of the total bank loans portfolio was allocated to SMEs. The specific weight of SMEs sector shows increase trends within the GDP and total number of the employed in Armenia and has the following picture for the last decade (diagram 1. and 2.).

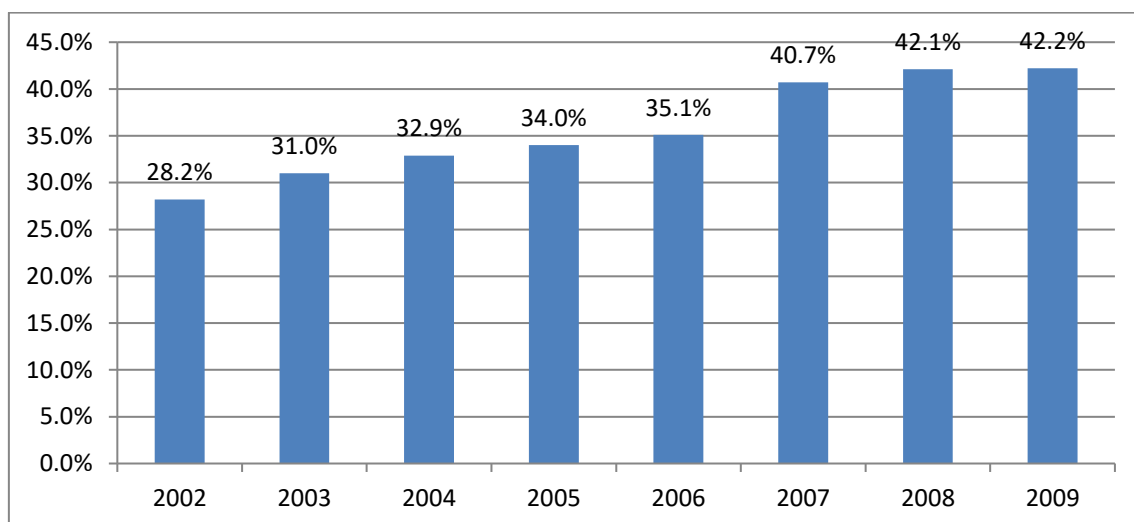
*Diagram 1. SME Sector Share in GDP during 2002-2009 (%)*



Source: Small and Medium Enterprises Development National Centre. 2009. *SMEs in Figures*

SME share in GDP in 2011 and 2012 was 43% according to the official announcement by the Ministry of Economy of Armenia<sup>11</sup>.

*Diagram 2. The Share of Employed in SME in the Total Number of the Employed in 2002-2009 (%)*



Source: Small and Medium Enterprises Development National Centre. 2009. *SMEs in Figures*

<sup>10</sup> Small and Medium Enterprises Development National Centre 2009. *SMEs in Figures 2009*

<sup>11</sup> Arka.am. (2013). *SME in Armenia accounted for 43% of GDP in 2012: economy ministry*. Available at [http://arka.am/en/news/business/sme\\_in\\_armenia\\_accounted\\_for\\_43\\_of\\_gdp\\_in\\_2012\\_economy\\_ministry/](http://arka.am/en/news/business/sme_in_armenia_accounted_for_43_of_gdp_in_2012_economy_ministry/)

In general, it can be noted that the following factors hinder the expansion of women and men business opportunities: the insufficient level of development of small and medium enterprises in the country, the imperfection of mechanisms that assist to get funding, loan and investments, as well as the low accessibility to the business, the absence of enhancement conditions, the imperfection in tax and legal fields with respect to their implication<sup>12</sup> (EDMC report + Doing business 2014 Armenia profile, and RUEA own assessments for Lori and Syunik regions made in 2012). Many women are not even aware of their rights and have no access to information. The lack of economic resources limits their activity in business and politics. Many women were unemployed for a long time (the absence of available jobs in the country (32.7% in SESA DOC; women don't successfully find jobs in all sectors of economy) and don't see any perspective to find a job. Even when women are not included in non-formal networks of men (business and politics), they are depending from men assistance and agreement on their further activities. The general situation becomes more depressive for them because of the double or triple overburden of their work (besides main job or business, women are ought to do homework, in particular cooking, cleaning, washing, care of children, etc.).

By the mentality or society's perception, it is not quite accepted that women (married or over 35 age) make negotiations with men (including non-formal meetings, such as discussing business ideas in a restaurant, or casual places) by themselves alone.

The vast majority of women has no relatives or connections outside of their families (non-formal relations) and rarely cooperates or do not cooperate with other women in business or politics matters. Women have very limited possibilities to hold social meetings. Thus, it is natural that women have a pessimistic attitude towards business and their possibilities of getting engaged in political life.

### **Statistical information**

According to the results of the survey<sup>13</sup> on *Informal Sector and Informal Employment In Armenia*, carried out by NSS, there are about 500 women employers (8,3% of the total number of employers) in Armenia in the formal sector of the economy. They are mainly engaged in trade and services sector. The number of men employers in the formal sector makes about 5500, and in informal sector 400. Today it is difficult to decide whether the great part of businesswomen works in formal or non-formal sectors of Armenia. It refers especially to the self-employment. It is difficult, because there is no statistical date targeted at women entrepreneurs and their employment. According to the same survey, only 3.9% (5100) out of the 130.3 thousand self-employed are engaged in the formal sector and the other 96,1% (125, 2 thousand) are within the informal sector.

There are also other indices that prove the insufficient tendencies of the improvement of socio-economic situation of women. The Gender Inequality Index presented in the Human Development Report of 2013, is a measure reflecting inequality in achievements between women and men in three dimensions: reproductive health, empowerment and the labour market<sup>14</sup>. Armenia was ranked 59 among 187 countries with the value of 0.340. The value ranges between 0 to 1, with 0 being 0% inequality, indicating women fare equally compared to men and 1 being 100% inequality, indicating women fare poorly in comparison to men.

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<sup>12</sup> Enterprise Development and Market Competitiveness. U.S. Agency for International Development (2012). *Available Credit Guarantee and Credit Enhancement Programs in Armenia*. Available at <http://www.edmc.am/available-credit-guarantee-and-credit-enhancement-programs-in-armenia/>

<sup>13</sup> National Statistical Service of Armenia (2010). *The Informal Sector and Informal Employment in Armenia: Country Report*.

<sup>14</sup> United Nations Development Program (2013). *Human Development Report 2013*. Available for download at: <http://www.undp.org/content/undp/en/home/librarypage/hdr/human-development-report-2013/>

The improvement of women's socio-economic status is not only an economic problem, but also refers to the opportunities for increasing women activities in the political sector. because leading political parties often form the local and central government in Armenia, and they prefer to push their candidates from their political parties to different job positions. Since, women are less in political parties, therefore the promotion of women is artificially weak. The development of women entrepreneurship is an important contribution for eliminating the women's position in the society,, reducing the female indices of the poverty and employment.

Under the conditions of economic transition it is still not possible to overcome the gender inequality in labor and employment sectors, because of lack of job-places, obstacles of women integration in the labour market, etc. According to the data provided by the State Employment Service Agency (SESA) of the Ministry of Labor and Social Affairs of Armenia, the official number of women unemployed is 70%.

If we compare the economic activity of men and women in all age groups in Armenia we can see that female economic activity is very low. According to the survey "Women and Men in Armenia 2012" conducted by the National Statistical Service of Armenia<sup>15</sup> (NSS), only 48.8% of women and 75.9% of men are considered as economically active. It should be noted that 60.1% of women aged 30-39 are unemployed. As indicated in the report, the unemployment stands out among women aged 50-54 and leads to poverty in its turn. Women aged 39-50 have higher rates in employment and in entrepreneurship. The reason is that women above 50 have difficulties to find a job and get adapted to the new work; they are not psychologically ready to get a professional qualification and start a new job. The employers prefer hiring women aged 18-30, especially for services sector.

More than 1/3 of Armenian families are led by women, which is a new phenomenon for the Armenian society, because women are the main providers. This index displayed an increasing tendency during the last years, especially in urban areas (this index was 32.3% in 2009 and 33.2% in 2011). According to the survey mentioned above, the average monthly salary made 25.855 AMD for men and 11.729 AMD for women (45.3%) for 2011 by gender of the family head, per capita. Thus, this index is a result of men's emigration from the country and poverty.

The level of the poverty is also increasing in Armenia. If the level of poverty in Armenia was 27,6% in 2008, it grew 35.8% in 2010 and 32.4% in 2013<sup>16</sup>. Because of lack of job-places, men emigrate to other countries to find better paid jobs leaving their families behind. However, it is not always that amounts sent by men are enough. Similar situation is dominating in families headed by women and men. If the poverty level in the families headed by men was 26.6%<sup>17</sup> in 2008 and 30.4% in the family headed by women, in 2011 it made 34.5% and 39.5% respectively, which exceed the poverty by 4%. Women unemployment level is also high in Armenia. According to the statistical data, in 2012 the 73%<sup>18</sup> of the officially unemployed are women. Unfortunately this index had a sustainable nature in the last years and ranged between 70-75%.

At the same time the traditional role of women in most families is changed. Traditionally, man is the head of family, but sometimes the member of the family, who earns more gets higher priority on decision-making level in the family.

Concerning the average monthly salary of men and women in Armenia, it should be noted that for women it is lower, than compared with the average income of men in Armenia. The average salary of women in Armenia is 40% lower than the average salary of men and makes 88.704 AMD for women and 137.808 AMD

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<sup>15</sup> National Statistical Service of Armenia (2012). *Women and Men in Armenia 2012*.

<sup>16</sup> National Statistical Service of Armenia (2013). *Social Snapshot and poverty in Armenia 2013*.

<sup>17</sup> National Statistical Service of Armenia (2013). *Poverty and Developments in Labour Market 2008-2012*.

<sup>18</sup> National Statistical Service of Armenia (2013). *Labour market in the Republic of Armenia 2013*

for men<sup>19</sup> (2012). The low salary of women is conditioned by the fact that they work mainly in non-profitable sectors, where the salaries are low, like health, education, services sectors and middle and lower management positions. Thus, the higher the income, the bigger the specific “status” in the family.

Today the majority of working young women is employed in lower positions and the number of women in senior positions is limited. This is explained by the fact that initially the doing business was considered as men's job and women tended to work in such, sectors as health, pedagogy and services. That's why women work mainly in the above-mentioned sectors and there are fewer women, who are engaged in other modern activities, like information technologies, and technical science sectors, engineering. In this sense the main problem of women is the lack of information.

In addition to the works carried out in private sector (trade, micro productions, tailors, etc.), the self-employment is the main type of employment for women. In Armenia the type of women employment and entrepreneurship have several peculiarities in terms of spheres that women are involved in. The greater part of the companies founded by women are specialized in the sectors that traditionally have “female” specializations, like sewing, textile and food industries, retail trade, education, science, health and services. Though women are getting more and more involved in growing sectors, like agricultural food re-cultivation and tourism, their participation is still low in these sectors. Social, institutional and market barriers that stimulate each other limit women economic possibilities and the availability to effective resources, as well as the opportunities of business skills development. Small business (micro in particular) is one of the opportunities for employment (i.e. self-employment) for women to earn their own money. Micro business makes around 65% of total operating businesses in Armenia, however there is lack of specific data of WE involvement. Women entrepreneurs are mainly employed or establish businesses in trade or micro productions. However, sometimes women lack business skills, knowledge, confidence and access to business network to be able to develop their business skills, and the loan and other funding services are less available for women than for men.

According to some researchers, the main reasons hindering the development of women entrepreneurship are the imperfection of legal base that regulate business activities, funding and loan mechanisms, investment support system, gender stereotypes, the absence of true interest by state authorities towards the development of women entrepreneurship that could lead to the expansion of women representation in other sectors, particularly in the political system.

In Armenia the legal field and other conditions referring to business activity and small and medium enterprises are still far from being perfect (shadow economy, sponsorship and existing monopolies are still much spoken about). From this point of view, both men and women come across the same difficulties, but as it has been noted, there are specific factors hindering women entrepreneurship: the stereotypes about the role women have within the society and the lack of favorable social environment for women entrepreneurship. This is expressed by a negative attitude displayed both by state authorities and appropriate financial and other institutions and distrust towards businesswomen skills. The starting opportunities are also different both for men and women.

The Constitution of Armenia defines equal property right for men and women, but women still persist that their father, brother or husband own their property, which belongs to women by law. In case of not having a property this is not possible to take a loan or start own business without the permission of father or husband.

The surveys<sup>20</sup> conducted in several regions of Armenia show that women engaged in business have difficulties in getting access to information, are not aware of their rights or different opportunities (training,

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<sup>19</sup> National Statistical Service of Armenia (2012). *Women and Men in Armenia 2012*.

loan opportunities, etc.). The activity of the state authorities, who are responsible for employment issues, is evaluated quite superficially, as both employed and unemployed women have criticized the ongoing trainings and called them superficial, theoretical and not effective<sup>21</sup>.

Based on overview of available data and researches, we can summarize that the main difficulties for women entrepreneurship in the Republic of Armenia are:

- Lack of time. Women have to act both in family and in business
- Lack of money to start business
- Lack of business consulting and low level or not practical trainings
- Limited possibilities of disposing their own property
- Lack of business experience and professional team
- Stereotypes and societal norms toward women that still exist within the society coming from past

Considering the importance of SMEs development and the state assistance in Armenia, in 2000 the Government of Armenia adopted the "Concept for SME Development Policy and Strategy in Armenia" and law on "SME State Support" that define the main directions of state assistance for the development of SME sector.

There are several issues hindering the development of SME sector and are conditioned both by subjective and objective factors. These issues can be conditionally distributed into five factors: legislative, financial, technical, infrastructural and territorial.

In conclusion, despite the fact that SME problems are almost the same in the countries with transitional economy, their forms of expression and methods in each of them are conditioned by the following peculiarities: development direction and the level of the country's economy, the level of development of market relations, national mentality, the presence of appropriate legal field, the level of efficiency of financial, tax, custom systems, etc. The elimination of these factors or the significant limitation of their influence, as well as the evaluation of the progress lead to the necessity of permanent monitoring and studies, as a result of which there could be a need to make appropriate changes in SME state support policies and develop new programs.

To solve these issues a national strategy for SME development was developed in 2012 that promotes women entrepreneurship and corresponds to the adoption of Gender Policy Concept Paper, Gender Policy Strategic Action Plan and Gender Policy Action Plan for 2012. In 2002 SME Development National Center (DNC) was established by the Government of Armenia to implement annual state support programs for SME. The RA law on "State Support of Small and Medium Enterprises" requires that the state budget allocates resources to finance the implementation of annual programs. However, despite the budget allocated to RA Ministry of Economy increased by 8.1% from 2009-2012, the resources allocated to SME DNC from the budget decreased by 74%, from 573 mln AMD (\$1.35 mln) up to 2009 to 150 mln AMD (\$0.4 mln) in 2012<sup>22</sup>.

The imperfection of funding and loan mechanisms, investments support system, gender stereotypes and the absence of a real interest to women entrepreneurship development by the public authorities, high level of corruption and administrative abuses are other reasons hindering the development of women entrepreneurship.

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<sup>20</sup> RUEA (2012). "Social-economic study of Lori and Syunik regions". RUEA (2013). "Social dialogue in SMEs" analytical report.

<sup>21</sup> Nora Alanakyan (2013). "Assessment of needs for business development services among women entrepreneurs". Workshop on Women Entrepreneurship Development in Armenia. Yerevan, October 2013.

<sup>22</sup> State budget of Armenia for 2012

Taking into consideration the above mentioned issues, the Government of Armenia set an objective to promote the expansion of women business activity. To achieve this objective following recommendations were suggested be included in the "SME Support 2014 program" draft<sup>23</sup>:

- Take appropriate measures to direct the resources of international donor organizations to the development of small entrepreneurship by organizing special business trainings for women
- Implement programs to decrease women poverty, especially microloans programs with privileged conditions to contribute to the development of women small and medium business
- Implement programs directed to promoting workmanship and handcraft activities in rural areas, as well as promoting women participation in socio-economic development processes
- Implement programs to reduce women poverty in rural areas within the scope of sustainable development/poverty reduction strategic program, especially by offering microloan programs with privileged conditions

According to the Gender Policy Strategic Plan for 2011-2015 of the Government, it is planned to achieve the following results for promoting women assistance in SME sector:

- Implement the program "Start up business support" that will support 70 businesswomen
- Implement the program "Training support to SME" that will support about 200 businesswomen
- Implement the program "Business training and consulting to SME" that will support about 1300 businesswomen
- Create new workplaces for women in industry sectors, especially light industry what will create about 600 workplaces for women

In order to actively involve women in business sector, to fully use their potential and promote businesswomen, the Government of Armenia, in cooperation with different international organizations, is implementing women business support programs. The Government will allocate \$2 mln to assist the organizations 50% of which are led by women. The sum was allocated by the Asian Development Bank (ADB) within the frames of the loan agreement signed between Government and ADB. The project will be implemented by SME DNC. According to the agreement signed with ADB, SME DNC shall provide financial assistance to 300 small and medium enterprises led by businesswomen. The financial assistance will be provided through loan guarantees. The total cost of the project is \$20 mln. Trainings and seminars are organized for businesswomen within the frames of the project. About 100 businesswomen have already participated in the project that launched in April 2013.

RUEA will be involved in different activities of this program, and a social partner in workshops and selection of the companies.

Supporting women business can promote economic growth. The strengthening of business skills, financial literacy and confidence in their business skills will give women possibility to build enterprises in profitable sectors, to get fully organized in business, to enjoy the availability of financial means and make use of economic opportunities. The provision of financial assistance through the support of start-ups, loan guarantees and loans in local currency are important for women, as they are able to make investments in new technologies, equipment and the main assets that are needed to increase their productivity and competitiveness.

The main challenges for taking credit are: improper business planning, difficulties in accessing finance credits, continue to halt business development even today. Among the new established businesses, i.e. the start-ups, these problems are even more severe: Low profitability of the newly started business, weak knowledge of business planning and management, poor financial calculations on business development and improper documents are just a few of the causes that lead the financial institutions of Armenia to reject loans or financial credits to newly started business entities.

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<sup>23</sup> The program was adopted on December 26, 2013 by the decision of the Government No 1511-N

Banks and other financial institutions hardly provide credit to start-ups and small businesses. In case of start-ups, they require companies to have minimum 6 months of business history or experience in running business. Besides these issues, in regions real-estate and its liquidity form other problems. On this regard, the SME Development National Centre (SME DNC) has established a guarantee fund, to provide guarantees for real estate. The financing is carried out through banks or Universal Credit Fund, established by the Government. The interest rates of credits vary from 14% to 21%, based on business activity sector (i.e. trade, production, etc.). In 2013, the Government has founded Industry Development Fund to support export oriented enterprises by subsidizing credits with 3%.

Based on the Government decision approved in 2013, the State support the following SME programs: the promotion of SME and WE in regions and employment increase, “Expanding the opportunities for getting involved in WE” in Armenia and generally the application of mechanisms for SME and WE state support (such as financial, information, consulting and training mechanisms), improvement of loan tools and provision of loan warranties especially for startups that have mortgage issues.

## **2.2. Activities implemented after the adoption of the Gender Policy concept**

After the adoption of the Gender Policy concept (adopted on 11 February 2010) the Government developed action plans for gender policy, which implementation have been adopted for each year (2011, 2012 and 2013) defining actions per ministries and regions. Gender policy actions plan for 2013 envisages carrying out activities aimed at increasing gender mainstreaming skills of permanent commission members, engaged in gender issues in regional administrations and Yerevan City Hall and at increasing the gender sensibility. According to this plan, trainings will be organized for the members of commissions on the topic of “Gender issues” in regional administrations of Armenia and Yerevan City Hall. In addition, the program is focused on improve educational quality and health systems and the quality of life. The 8-12 items of the program aim to provide credits to businesswomen in order to promote their businesses (see in socio-economic section, etc.).

The current concept is important, since it underlined the importance of WE and in its action plans for 2011-2012 actions for WED are included. Correspondent state structures are involved in implementation of these steps, with participation of social partners.

In state policies on women, agriculture sector in one of the vital sectors in terms of employment. As defined by the clauses 8-12 of the Gender Policy Action plan for 2013, loans will be provided to businesswomen for their business promotion on the following directions:

- Increase of the production efficiency and sharing experience in the agriculture sector by investing new technologies through competitive gender projects with women participation or management in the scope of the project “Management and competitiveness of the communities agriculture resources” implemented by the assistance of World Bank.
- Implementation of projects focused to women poverty reduction in rural areas, especially increase of loans availability.
- Implementation of the project “Assistance to start up business entrepreneurship.
- Implementation of the project “Information and consulting assistance to SME institutions”.
- Investment of new technologies in the agriculture sector and experience sharing, increase of the production efficiency, creation of workplaces for women, increase of incomes, poverty reduction.
- Women employment increase in rural areas, targeted use of women opportunities, increase of incomes (subsiding of loans percentages provided to the agriculture sector will be implemented with the support of Rural Financing Institution Project Implementation Office). Loans will be

provided to farmers (production of semen, cereals, vegetable crops, potato, gardening, acquisition of female livestock, breeding, acquisition of new techniques etc.), it is expected to provide loans to 900 women individuals.

- About 70 businesswomen will benefit from credit loans in the scope of this project.
- Information and consulting assistance will be provided to about 1500 businesswomen.

In order to secure gender balance, the National Assembly adopted a law on Assuring equal rights and equal opportunities for men and women in May 2013. The Article 2 of the law defines that the goal of the law is to ensure gender equality in all sectors of life, the legal protection of women and men from gender discrimination, assistance to the civil society formation and establishment of demographic relations in the society. According to Article 4, the principles of gender equality policy are:

- protection of international right norms in the gender equality insurance sector
- social justice
- elimination of gender discrimination
- society participation in the gender equality progress

The law prohibits gender discrimination, regardless its form of expression. The law also regulates state guarantees for electoral right and equality in the public service.

Gender equality promotes sustainable development, improvement of democratic processes and organization of vital social activities on the bases of true equality, solidarity, cooperation and tolerance for all social groups, as well as the efficient use of human potential and raising the quality of life. The analysis of around 67 of women targeted NGOs shows that they are involved a wide range issues for women, starting with rights of women to women entrepreneurship. Comparing with the RUEA WED survey of 2009, we can state the number of WEs have increased. There are around 1200 women employers, and 15000 self-employed sole-entrepreneurs. There are only 4 NGOs among 67 that are involved in WED (see Appendix 3), in particular:

- Armenian Young Women's Association NGO
- Women Unity of Kapan
- Working Women's Small Business Incubator NGO
- Women's Regional Council of Vayots Dzor Marz, Yeghegnadzor

Among state institutions involved in WED are SESA, SMEDNC (under of Ministry of Economy), the Council headed by the Prime Minister.

## **2.3. RUEA projects in women entrepreneurship sector**

The organizations assisting entrepreneurship in Armenia can have an important role in the development of women entrepreneurship.

In Armenia the organizations assisting women entrepreneurship and entrepreneurship in general perform common functions, which is conditioned by gender misbalance in the organizations that are responsible for developing policy and programs and providing different services. Sometimes the issues women have are not discussed during state and community institution-private sector dialogue. Thus, there is a certain manifestation of evident and latent discrimination towards businesswomen. Women do not a key role in decision-making processes for private sector promotion.

However, it should be noted that the passive activity of organizations that assist the entrepreneurship is partially compensated by the active work of different NGOs and social partners that are directed to improve the situation, increase social activity and women involvement in socio-economic and political processes and promote entrepreneurship. The Republican Union of Employers of Armenia (RUEA) has a

significant experience on women entrepreneurship development since 2008, for strengthening of role of women in economy , and in business development. RUEA promotes women entrepreneurship and inter-cooperation in business environment.

Since 2009 RUEA has been actively working in this this sector by conducting a comprehensive analysis<sup>24</sup> to examine thoroughly the strategy of women entrepreneurship sector, reveal through surveys women involvement in social, political and economic sectors, as well as in all levels of public and state governance and gender sector issues. In December 2009 RUEA organized a conference on "Women entrepreneurship development in Armenia." On December 5, 2013 it is planned to organize the second conference of RUEA about the issues of businesswomen. The issues of women entrepreneurship development are presented in RUEA Actions plan for 2013.

RUEA formed a targeted sectorial union<sup>25</sup> in 2011 that implements educational programs, provides consulting, organizes trainings, mentoring programs, discussions, meetings, other activities and projects that include a large auditory of women, promotes the development of small and medium businesses in Armenia through women involvement. The sectorial union was formed based on a SMEDC NGO, which has been created since 1998.

The Republican Union of Employers of Armenia (RUEA) with the assistance of Orange Foundation initiated and implemented "Women entrepreneurship development project" in Yerevan and two regions (Lori and Syunik) during July-October 2012, within the scope of which women already having businesses or were willing to start their own businesses were provided with information and skills on the following topics:

- How to start own business
- Business ideas, development and evaluation
- Legal forms of business registration
- Resources needed for business
- Principles of marketing
- Strategy of marketing
- Market research
- Sale management
- Tax legislation
- Labor Code
- Financial management
- Business plan, structure, meaning, methodology of developing business plan
- OSH, promotion of work competitiveness and productivity

The objective of this project was to make businesswomen become more sustainable, progressive and competitive. The trainings were organized in RUEA office and consisted of 3 phases. Businesswomen who were presenting small and medium enterprises in the sectors of marketing, different services, trade, private employment agencies participated in the first phase of the project. Start-up businesswomen participated in the second phase and obtained skills on statute or unwritten business laws, marketing and tax field skills. During the third phase the legal forms of business registration, resources needed for business, marketing principles and strategy, green economy issues have been presented. Experienced businesswomen and start-ups have formed a mixed group during the fourth phase on mentoring. Businesswomen have shared their experience and advice on business management with start-ups, as well as provided professional and moral assistance by proposing ways of overcoming the frequent business issues and making right decisions. The average age of training participants was 35-50 and the total number of participants was 63.

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<sup>24</sup> RUEA jointly with “Small and Medium Entrepreneurship Development Centre” NGO by the support of ILO (2009). *WED Assessment in Armenia* (available at [www.employers.am](http://www.employers.am))

<sup>25</sup> RUEA’s sectorial association for SME and women entrepreneurship development

RUEA constantly develops and implements activities focused on SME and women entrepreneurship. Within the scope of these activities RUEA will provide assistance to 3 pilot regions, Lori, Syunik and Shirak, through its regional branches at the end of 2013 and the beginning of 2014 by the support of ILO. RUEA will train 30 trainers from the mentioned three regions and later they will train 120 businesswomen, including start-ups and young businesswomen in order to strengthen their skills of starting and doing business (using *Start and Improve Your Business (SIYB)* and *BIZUP* ILO methodology).

For the activities mentioned above RUEA has implemented interviews among 117 SMEs and the current survey implemented among 120 entrepreneurs in May-June 2013. RUEA emphasizes recommendations and suggestions, provided by women entrepreneurs, to improve the quality of services rendered to them.

**In order to regulate women SME support and crediting issues, envisaged by the action plan,** Asian Development Bank, with the objective to have a greater role in the economic development of women micro, small and medium business development, has made the following allocations (more than \$40 million):

Table 1. ADB Project Funding

Assistance form/version	Approval number	Funding source	Approved sum/ in thousands
Technical assistance	8200	Special foundation for technical assistance	\$600
Credit	2922	Asian Development Bank	\$20,000
Credit	2923	Asian Development Bank	\$20,000
<b>Total</b>			<b>\$40,600</b>

The project consists of two components: 1. project policy-based loan aiming to assist and finance budget allocations and reinforce the business environment, SME DNC and its assistance to business women and MSME. 2. Financial Intervention Loan (FIL) with the objective to give possibilities to Participating Financial Institutions (PFI) to provide credits with local currency to MSME (50% of which belongs to women). The implementation period is 2013-2017.

“Hai-Consult” consulting foundation, one of member organizations of RUEA, in cooperation with USAID/EDMC, is implementing the project "Assuring financial resources availability for SME", launched in 2013. Within the scope of this project small and medium enterprises (SME) will receive financial consulting on how to receive loans. 60% of the costs for the above-mentioned financial services will be covered by USAID Enterprises Development and Market Competitiveness (EDMC) and the other 40% by the applicant organization.

The credit applications of the EDMC project that require guarantee funding, especially for start-ups, are transferred to SMEDNC by Hai Consult for further development and funding. RUEA supports the current EDMC project and its member activity by dissemination about the project in the regions and specific sectors, to involve women entrepreneurs. It contributes to RUEA by increasing its presence and by attracting potential members.

The objective of the project is to increase the level of access to financial resources for SME, including businesswomen, to ensure access to loans through technical and consulting services, particularly:

- Making financial reports
- Cash flow analysis and previsions
- Assistance to SME in developing business plans
- Consulting to SME on calculating relevant credit expenses
- Consulting on tax issues

## 2.4. Non-governmental organizations and women entrepreneurship assistance projects

The analysis of the activities of 67 NGOs (mentioned in App. 3) shows that the cooperation between women and women groups and NGOs is not frequent; the main part of NGOs is mainly engaged in the protection of human rights and struggle against family violence and sexual abuse. This is an important factor and one of the answers that explains the slow progress of women and absence of women movements.

Only 4 NGOs provide assistance to women and girls in the entrepreneurship sector. RUEA cooperates only with 16 NGOs in various activities.

One of the active organizations that assist women in the entrepreneurship sector is Armenian Young Women Association (AYWA) aiming to solve women and girls issues in Armenia and promote the increase of women employment. AYWA implements several programs focusing on promotion of women entrepreneurship and assistance to businesswomen by organizing different trainings, seminars, discussions, competitions and exhibition-fairs. In particular, since 2010 AYWA has been organizing annual exhibitions, charitable fairs with the participation of Armenian women producers with the objective to encourage them and provide them with economic assistance.

In 2011 AYWA, with the assistance of US Embassy to Armenia, created the network of Armenian businesswomen that included active businesswomen from different regions of Armenia. The network that currently has over 300 members gives new market and collaboration opportunities to its members. Both experienced and start-up business entities are members of the network.

The AYWA pays a great attention to women involvement in agricultural sector. This is conditioned by the fact that women have a significant role in agricultural sector and it is necessary to increase the level of their involvement in the active processes of this sector.

As discussed, the basis of gender inequality is the unequal situation between women and men in the economic sector and the traditional gender distribution of roles they have in society. This is more evident in agricultural sector. Women are the main workforce in agricultural sector and almost “don’t” have right to dispose of ownership and resources” due to mentality and cultural norms in certain regions of Armenia. The 2/3 of the world agricultural products is produced by women, but only 20% of these women are considered as land owner. Towards the land expansion and development of cooperatives that are considered one of the ways of overcoming crisis, the above-mentioned factors can become serious problems. It is evident that the situation can be changed only through the implementation of a complex of long term activities that could have an influence upon society and its institutes.

Taking into account the above mentioned factors, AYWA is implementing various projects in the sector of agriculture that are focused on different groups of society. AYWA is also a member of the agricultural coalition of Armenia. The most significant projects of AYWA in agricultural sector are:

- Competition “Women hero in agricultural sector,” implemented since 2011 in cooperation with AYWA OXFAM with the objective to assist and encourage women involved in production and processing of agricultural products. Women from different regions of Armenia, who have achieved success in agriculture and can serve as an example for others, are selected for the competition. It is also accompanied by an exhibition of women products.
- AYWA in cooperation with Asian Development Bank and in the scope of the project “Active women in RA rural communities” is implementing a project to reinforce the capacity of women, engaged in agriculture in Yerevan, Ararat, Artashat and surrounding areas.

- In order to encourage the participation of young women and girls in the production of non-traditional agricultural products, AYWA founded green laboratories, small greenhouses in 10 communities of Vayots Dzor in 2013. Pupils in high schools are already cultivating non-traditional plants.

There are also other local and international organizations that are implementing women assistance projects in agricultural sector through the Ministry of Agriculture since 2007. In particular, within the scope of the project "Economic development of rural areas" the following projects have been implemented: "Marketing possibilities to farmers" and "Regional program to increase women competitiveness through receiving a financial assistance" by the funding of Food and Agriculture Organization (FAO). Participants of the project studied the financial system of Armenia, legal field of banks and credit organizations, service sectors, services provided by banks and credit organizations, the activities of banks and credit organization departments, as well as gender issues.

Women economic assistance projects are also implemented by the "Green lane" NGO. Their projects have wide agricultural and environmental directions: organic and high-value agriculture (HVA) and cultivation of non-traditional plants, etc. In particular, farmer groups (women centers) have been formed by the Organization in regions of Tavush, Kotayq, Lori and Syunik. They are engaged in the production of ecologically friendly products. In 2011-2012 "Green lane" NGO implemented the project "Reinforcement of women centers in Armenia through the development of the entrepreneurship and assistance" funded by US embassy in Armenia. The project focused on the promotion of women entrepreneurship in Armenia by creating a network between different women centers in regions of Armenia, by promoting favorable environment for business development, providing technical and organizational assistance, organizing branding (brand development) and market management activity, enlarging network cooperation and assistance possibilities. As a result of the project the centers are now engaged in marketing and sale of the agricultural products, as well as in necessary consulting and trainings. At the same time, the organization organizes exhibitions to encourage the production of ecologically friendly products in the country.

Several projects are also implemented by "Women in business, investment for future" NGO to promote women entrepreneurship.

The Armenian representative of OXFAM and UNICOR are also implementing projects focusing on women business promotion in Armenia, in particular, development of a social entrepreneurship and cooperation. There are already few women led cooperatives in regions of Armenia that are social enterprises and are aimed at reducing the poverty level in rural areas, promoting the increase of women's role in agriculture and economical reinforcement. Within the scope of the implemented projects greenhouses, fruit dryers and refrigerators are installed.

*Short summary of NGOs (totally 67) dealing with women entrepreneurship and gender issues is presented in Appendix 3.*

## Chapter 3. Women entrepreneurship development assessment survey results

### 3.1. Survey results among 120 women entrepreneurs

In order to increase knowledge and understanding of women entrepreneurship issues, to assist and reveal women issues in business sector, the Republican Union of Employers of Armenia has conducted comprehensive survey within the period of August-October 2013 with the support of ILO/ACTEMP. The survey allows finalizing and filling current situation of the sector. About 120 women entrepreneurs from Yerevan and 6 regions (Aragatsotn, Ararat, Armavir, Gegharkunik, Kotayk and Lori) were interviewed via individual meetings. The respondents were owners/managers of micro (up to 10 employees), small (up to 50 employees) and medium enterprises (up to 250 employees), out of which 51% were micro, 41% small and 8% medium. They represent the following spheres of activity: small production, services, trade and educational services.

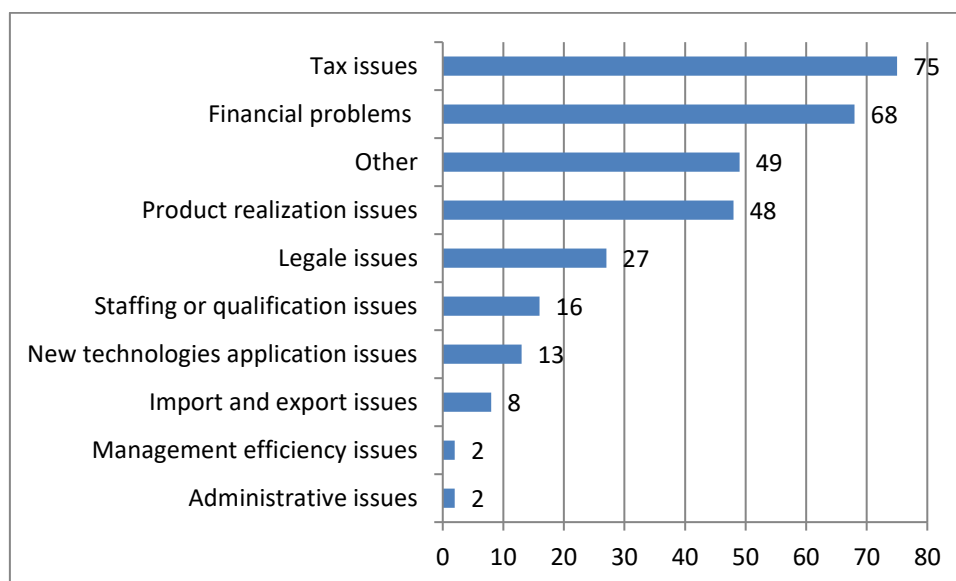
#### What are the existing business obstacles?

Firstly, the survey focused on revealing the issues of participants regarding their business activity. The respondents gave more than one answer to this question based on the priorities of the issue. The analysis of the received responses shows that the main issues are tax issues, conditioned by the complex tax policy, high tax rates, and frequent changes in tax legislation. Tax issues, as a priority, have been mentioned by 75 respondents (66,9%), while 68 respondents (60.7%) mentioned financial issues, in particular, lack of relevant financial resources, high loan interest rates, absence of stable income, etc. Product realization is the third main issues and 48 respondents (42,8%) are concerned about it.

One of the main problems is the insolvency of the population that is more acute in the regions.

The respondents also listed the following issues: legal, application of new technologies, staffing and training, export and import, increase in administrative and management efficiency (diagram 2 and table 3),

*Diagram 3. Existing business obstacles, as identified by the respondents*



Besides the main obstacles, 49 respondents mentioned other issues which have significant share in the responses. The other response includes obstacles, such as low solvency of the population, increase of gas prices, issues related with raw material obtainment, limited opportunities for business expansion, need for new premises, high rental prices, need for exhibitions and PR, etc.

A regional breakdown of existing obstacles mentioned above is provided in the Diagram 4 and Table 2.

Diagram 4. Existing business obstacles (regional breakdown)

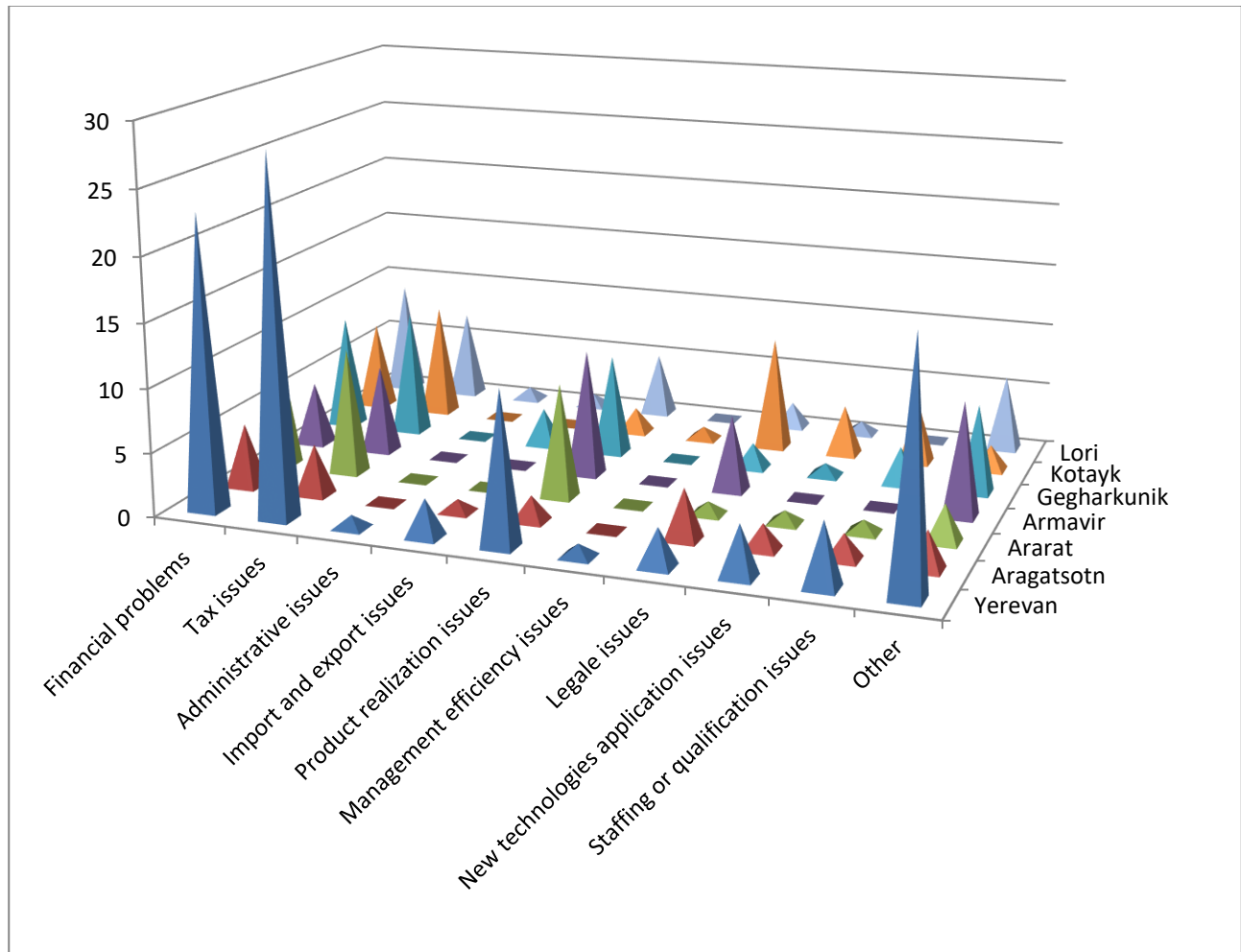


Table 2. Existing business obstacles (regional breakdown)

Issues	Yerevan	Aragatsotn	Ararat	Armavir	Gegharkunik	Kotayk	Lori
Financial issues	23	5	10	5	9	7	9
Tax issues	28	4	10	7	10	9	7
Administrative issues	1	0	0	0	0	0	1
Export and import issues	3	1	0	0	3	0	1
Product realization issues	12	2	9	10	8	2	5
Management efficiency increase issues	1	0	0	0	0	1	0
Legal issues	3	4	1	6	2	9	2
New technologies application issues	4	2	1	0	1	4	1
Staffing or qualification issues	5	2	1	0	3	5	0
Other	19	3	3	9	7	2	6

### **Do you think RUEA can assist your company and what are your expectations in this case?**

As the survey results show, the survey participants are sure that the Republican Union of Employers of Armenia is able to assist them (46%), including through different lobbying mechanisms and by protecting their rights and interests (25%), organize business forums, exhibitions, fairs, exchange visits, trainings or assist their participation (9.4%), spread information about their organization and product, make advertising, assist in sale (6%), assist them to get loans with low interest rates (5.5%) etc. Totally 44% has no expectation from RUEA or is not aware how the Union can assist them. As the main part of respondents (63%) are entrepreneurs from regions, they lack information about RUEA activities.

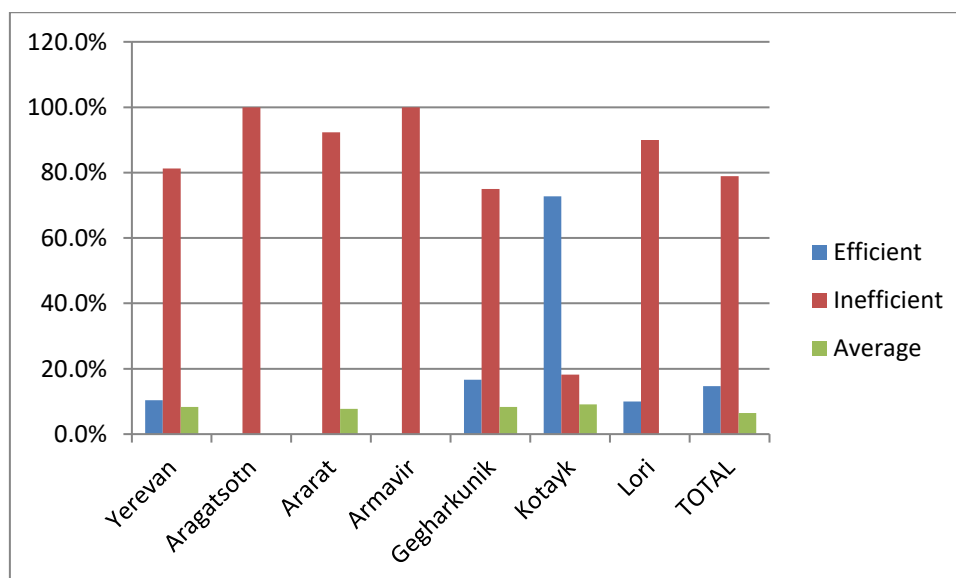
### **Are you a member of RUEA or its regional branch?**

As the survey results show, only 18,3% (totally 22) of the survey participants are member of the Republican Union of Employers of Armenia or to the territorial union of their region. Among non-members the 24,2% of companies expressed they willingness to join RUEA; 43,4% is not oriented yet and 32,3% do not have a wish. It is worth mentioning the fact that Yerevan entrepreneurs dominate among those willing to join the union and make 19 participants of the survey.. It is important to conclude that 67.6% (24.2 + 43.4%) are not oriented yet or wish to join RUEA. RUEA can engage these WE groups more actively to promote them in their activities and offer membership.

### **How is your cooperation/communication with the RUEA?**

78,9% of the respondents stated about their non-efficient communication with RUEA because of lack of information about RUEA activities, as well as the absence of regional RUEA structures in certain regions (i.e. Armavir and Gegharkunik regions). 37.6% of the respondents stated that they are unaware of RUEA and have no relation with. 14,7% of the respondents stated about an efficient cooperation with the union and 6.4% stated about a medium efficiency and cooperation that has a friendly nature. Data received from Kotayk region differ from the general responses. 8 from 11 participants from the region evaluated their communication with the union as efficient, 2 as non-efficient and 1 as of middle efficiency. The image is completely different in other regions, where the majority of respondents (non-member entities) evaluated their communication as non-efficient (Diagram 4).

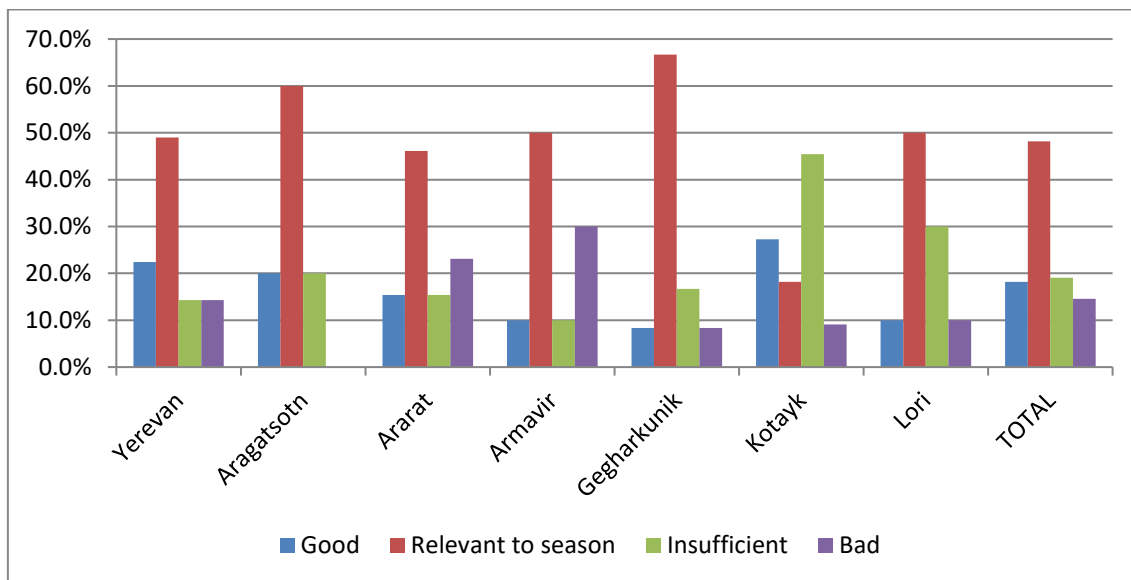
*Diagram 5. Communication with RUEA*



### **How do you assess the current economic situation from the viewpoint of your business?**

In general, the current economic situation is assessed as good by 18,2% of respondents and relevant to the current season by 48,2% of respondents. But 19,1% and 14,5% of the respondents assessed it as insufficient and as bad respectively. The situation is the same both for Yerevan and regions, except for Kotayk region, where 3 of 11 respondents evaluated their economic situation as good, 5 as insufficient (45,5%) and 1 as bad (9,1%) – diagram 5.

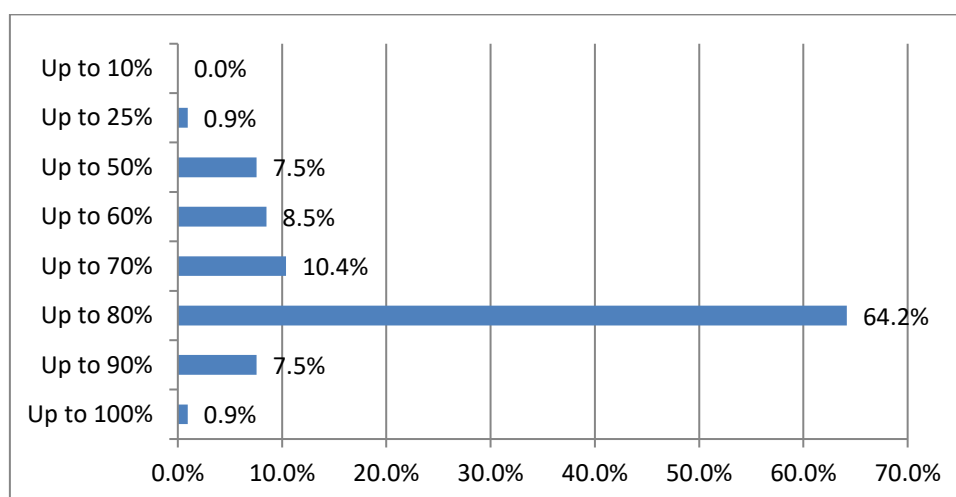
*Diagram 6. Assessment of Economic Situation by Respondents(as percent of all responses per region)*



### **Workload with contracts/orders (for how many months) and use of production capacities**

While receiving the result of the survey, an interesting fact was registered during the period of the current orders of the companies and research of their workload. The received results show that at the moment of conducting the survey the companies have mainly short-term orders and they work partly loaded. In particular, 62.0% of the respondents have orders for the period of up to 1 month duration and only 28.7% have orders for a period that exceed 6 months. 23 respondents or 74.2% of the companies having long-term orders from Yerevan dominate in the sense of long-term orders. There are long-term orders in Kotayk region - 3 companies, 2 companies in Lori and Gegharkunik and 1 company in Ararat. 7 companies - 3 from Yerevan, 3 from Kotayk and 1 from Ararat have orders for a period of up to 3 months duration. The situation for short-term orders is the following: 10 companies in Yerevan, 4 in Aragatsotn, 11 in Ararat, 10 in Armavir, 10 in Gegharkunik, 5 in Kotayk and 8 in Lori. Orders up to 2 or 6 months duration make 1.9% and 0.9% respectively, 64,1% of the companies work with a load of 80% and only 1 company works with a workload of 100% of its productive capacities, and 1 works with a very low load. The companies from the regions mainly work with a load above the medium one, within 60-80%, only 1 company from Kotayk region works with load of 50% and 1 company from Armavir and 1 from Lori region work with a load of 90% (Diagram 6)

Diagram 7. Use of Production Capacities



### **Change of sales prices for last 3 months**

54.1% of the respondents stated that during last 3 months the prices of their products did not change, the prices were increased in 25,7% (25.0%) of the companies. 20.2% of the companies have decreased the sale prices. It should be noted that if in case of the sustainability and decrease in prices the situation is the same in Yerevan and in the regions, 49,1% and 50,9%, 45,5% and 54% respectively, an increase in prices is evident in 68% of the companies in the regions and 32% in Yerevan (table 3).

Table 3. Product Sale Prices Change During 3 Months

Sales prices	Yerevan	Aragatsotn	Ararat	Armavir	Gegharkunik	Kotayk	Lori
Have increased	9	2	5	4	3	3	2
Did not change	29	3	3	4	7	8	5
Have decreased	10	0	5	2	2	0	3

### **The possible number of the staff (to be decreased/increased)**

As a result of the survey we also tried to find out whether the companies plan a possible decrease in the number of their staff in the near future. 64,2% of the respondents does not plan any decrease, 19.3% plans an increase in their staff and 16.5% of the companies' plans to decrease their staff number. The increase of staff was mainly planned in Yerevan companies (57.1%) and decreases are planned in regional companies (61.1%). But both increases and decreases will be within 1% of the total number of the companies (47,4% and 77,8% respectively).

### **How do you assess the economic development for the upcoming 6 months?**

The previsions of the respondent companies are very pessimistic from the economy development point of view for the upcoming 6 months. 11.2% of the respondents are sure that the economy will increase in the coming 6 months, 34.6% think that it will be the same and there will be no change, but the majority of respondents are sure that the development will be negative and the economy will fall down. It can be noted that the indirect influence of such previsions are conditioned by the above mentioned data about the changes of the staff number reduction in the companies. The negative expectations are higher, 58,6%, in regions than in Yerevan, 41,1%.

### **What is your liaison with local governmental bodies?**

The clarification of liaison/relationship of the respondent companies with the local self-governing units should also be highlighted. 78,2% of the respondent companies evaluated their relationship with the local self-governing units as ineffective, and only 15,5% evaluated them as efficient, and 6,4% evaluated them to be as of medium efficiency. The inefficient evaluation dominates among Yerevan and regional companies, 73,5% and 82% respectively. 68.2% of the respondent companies or 87,2% of the companies that evaluated their relationship with local self-governing units as inefficient noted that they have no relation with local self-governing units.

### **What are your expectations from the local governmental bodies to assist the entrepreneurship, social dialogue, socio-economic development of the community?**

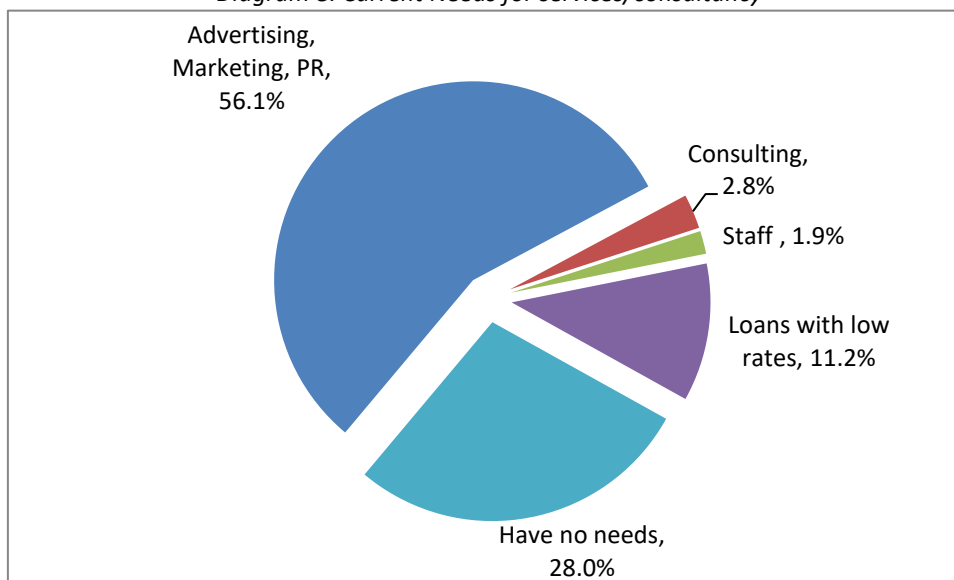
The expectations of respondent companies from the local self-governing units are also low. Only 7 participants replied to this question and the majority, 4 companies, noted that they have no expectation from the local self-governing units. Such a passive situation of the relationship with local self-governing units might be conditioned by the following factors:

- The respondents do not fully understand the functions of local self-governing units
- The functions and business interrelations of local self-governing units are very limited.

### **What kind of services or consultancy do you need to stimulate your business?**

By summarizing the replies of respondents on the services and consulting necessary for the promotion of their business, it should be noted that 56.1% mainly need “advertising, marketing and PR” and 11.2% need loans with low interest rates. 28% of the respondents stated that they don’t need anything (Diagram 7).

*Diagram 8. Current Needs for services/consultancy*



### **Training needs**

56% of the respondents stated that neither management nor staff needs trainings, and 44% noted that they needed trainings and particularly emphasized practical/professional trainings – 68.7 (like makeup, hairdressing, organization of fourchettes, flower design and care, cakes design, etc.) and trainings for business development 31.3% (management, marketing, advertising, accounting, legal, etc.).

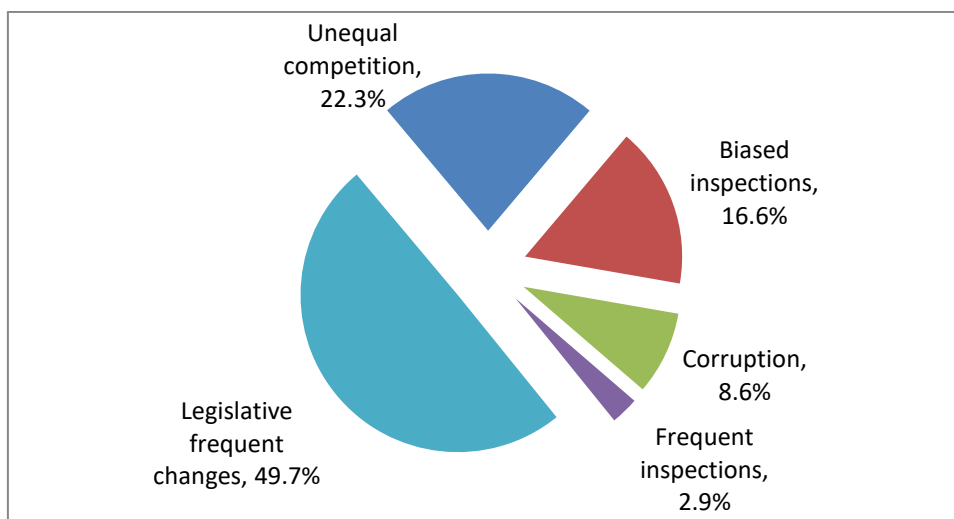
### How much are you willing to pay for training courses?

The responses to the question whether the respondents are ready to pay for qualification trainings also present an interesting picture. The main part of the respondents, 79.5%, is ready to pay for the required trainings, 10,7% had difficulties to answer and only 9.8% replied that they are not ready to pay for it. Only 20 respondents noted the amount they are ready to pay for qualification trainings. The majority of them, 75%, is ready to pay up to 100.000 AMD (250 USD).

### 5 main factors of impacting business

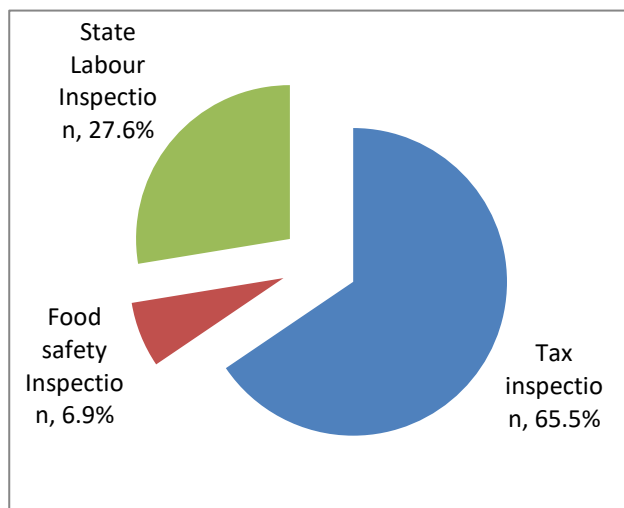
According to the main 5 factors (business, unequal competition, biased inspection, corruption, frequent inspections and frequent legislative changes - companies don't manage to keep up with the frequent legislative changes), the answers of respondents have the following picture. According to the respondents, the main factor affecting the business are the frequent legislative changes - 49,7%, the second place is given to the unequal competition - 22.3%, followed by biased inspections – 16.6%; corruption – 8.6% and frequent inspections 2.9% (Diagrams 8, 9 and 10).

*Diagram 9. Five main factors of impacting business (by Percentage)*

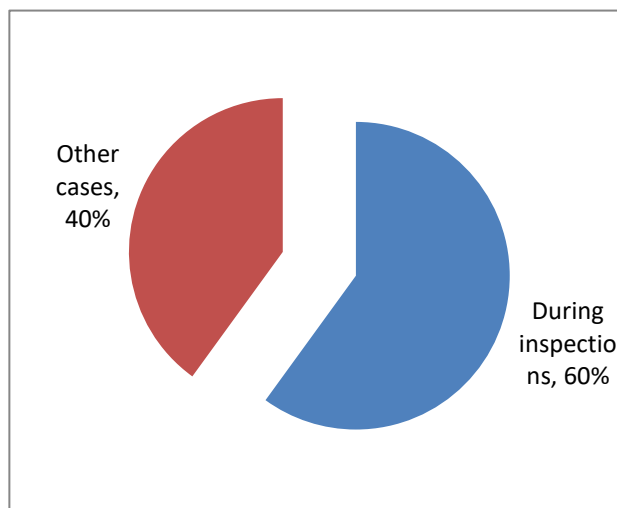


The respondents gave interesting remarks about the biased inspections presented in Diagram 9. The breakdown of 16.6% responses is detailed in Diagram 10 and 11.

*Diagram 10. Biased Inspections*



*Diagram 11. Corruption*



### Do you think you are able to protect your rights?

53,7% of the respondents think that they are able to advocate their interests in different agencies, of which only 25,9% listed specific cases when they are able to do this; they think these are the cases of inspections. **46,3% stated that they are not able to protect their interests.**

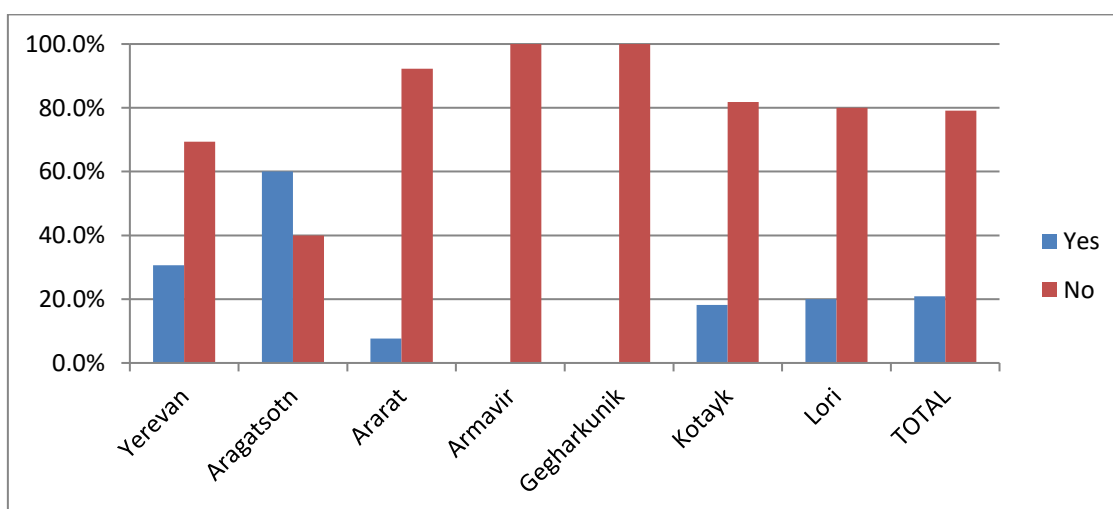
### What kind of services would you like RUEA to assist you in?

The measures and directions offered by RUEA to assist survey participants almost correspond to the needs they have mentioned. From 120 participants, 16.1% noted that they don't need the services provided by RUEA or it was difficult for them to note what they needed. The other 83.9% mentioned that they expect assistance from RUEA, particularly in: **advertising, marketing, PR, legal and business consulting, organization of qualification trainings, getting loans with low interest rates, support in cooperation with internal and external markets, export promotion, improvement of business networks**, etc. The preference is given to legal and business consulting, access to finance, public campaign and promotion.

### Are you able to cooperate with big businesses?

Only 20,9% of the survey respondents mention that they are able to cooperate with big business and 79,1% do not. The cooperation with big business has the following picture: they purchase products or sell them to these organizations or provide them several services. It should be noted that it is mainly Yerevan organizations that cooperate with big businesses, i.e. 65.2% of the total number of the cooperating organizations (diagram 11).

Diagram 12. Cooperation with Large Businesses



### Is a gender inequality visible on the example of your business?

And finally the last important question that is aimed to reveal gender discrimination in business on the example of the own businesses of the respondents, has the following picture: only 5% of the respondents noted that they felt gender unequal approaches in their business, particularly:

- They were consider as weak and were oppressed
- They were considered as weak
- Women should not own a business
- Tax bodies consider businesswomen to be weak

The 95% noted that they did not meet any discrimination during their activity.

## 3.2. Focus group discussions

Within the survey, focus group discussions have been held to reveal services that RUEA can provide to women entrepreneurs based on existing women entrepreneurship problems.

Two focus group discussions have taken place in September 2013, of which first moderated by Lilit Asatryan and facilitated by Knarik Malkhasyan, the second moderated by Knarik Malkhasyan and facilitated by Armine Hovhannisyan. Discussions have taken place in RUEA office and in a rented hall by the address 105 Teryan, Yerevan. Total participants in first and second discussions were correspondently 12 and 14.

RUEA member and non-member organizations, as well as representatives from government agencies and NGOs were involved in focus groups. The following questions were offered to discuss in the focus group: business legislation (including tax legislation issues, impact of turnover tax on their activity), access to finance, main 5 factors that negatively impact their businesses, what mechanisms can promote WE, etc.

During discussions the participants have listed the main problems that hinder today women progress in business sector:

- One of the main problems is tax legislation, because it is not favorable in particular for small and medium businesses
- Loan policy is not favorable as well. Banks offer high interest rates to start-up entrepreneurs, and this is a real risk for an entrepreneur in a new phase of business
- The participants were particularly concerned about the following questions:
- There is a great issue of financial resources accessibility. The existing financing sources are mainly not accessible for SME institutions, especially to the ones that have insufficient resources (they are mainly women). This is conditioned by:
  - Business loans with high interest rates; the loan rates vary from 15 to 24% not excluding different payments for services that also increase the total cost of the loan
  - absence of mid-term and long-term loans
  - Small amounts of loans (within \$200-5000)
  - Imperfection of loan guarantee system
  - Non-equivalence of the loans mortgage conditions
  - Insufficient justification for business projects, conditioned by the absence of consulting services
- The tax policy is also listed among problems. The current tax system is inefficient for small and medium entrepreneurship. Some issues of the tax system are the non-equivalent distribution of tax burden, frequent changes in tax legislation, dual interpretation of most parts of laws, etc. The current issues require small business to be high awareness about the legislative updates and fast adaptation
- Other serious issues listed by the majority of participants are the monopolization of economy. Many sectors have a monopoly in reality and it is difficult to struggle against it.
- The other issue is the lack of information about women entrepreneurship and legislation that sometimes brings to the failure of women business
- Focus-group participants show distrust to the current pension reforms. In particular, there is a negative attitude to the accumulative pension system that will enter into force from January 1, 2014. According to them this will create problems for entrepreneurs in accounting management, as well as cause a reduction of net incomes, which is a negative in itself. This will reduce in its turn the paying capacity of the population for products and services
- Returning outdated products is also a problem, because their elimination and relevant tax formulations always create complications

**Focus group participants made the following suggestions that can solve the above-mentioned issues through the support of RUEA:**

- Clear definition of businesswomen criteria. The definition of the term “businesswoman” still remains unclear.
- Provide loans with low interest rates to entrepreneurs (especially for start-ups); consulting for development of document portfolio to obtain credit; consulting on financial management
- A special approach to SME sector. Exempt the start-up entrepreneurs from taxes in the preliminary phase of their activity and give them the possibility to develop and reinforce or to provide special promotion programs.
- A special state policy for businesswomen dependent on their business (special policy or improvement in existing legislation)
- Privileges for businesswomen having rich business experience; success stories
- Organizing training courses and seminars on different topics. In particular, training for accountants working in production sector (cost accounting, return of product etc.), management, marketing, advertising, tax and custom administration, etc.
- Providing quality legal and business consulting
- Consulting to develop and implement favorable price policy, depending on product features (quantity, quality, certificates, etc.)
- Assistance for the promotion of brand “Made in Armenia”
- Promotion of eco-friendly products
- Broadcasting of TV programs that ensure business publicity by the Public TV. The existence of similar TV program is important especially for start-ups or specific business fields
- Assistance to businesswomen to extend their business, creation of relevant web sites.
- Possibility of an on-line sale or creation of such platforms (e-commerce opportunities)
- Creation of special on-line business portals, where it will be possible to post advertising, information about entrepreneur, activity and products, possibility to exchange information between registered members
- Creation of special websites for producers of ecologically friendly products that will include information about the existing organizations, products and criteria of international certification

Besides the current focus group discussions, other meetings were implemented via interviews among 20 famous women that represent various businesses, state bodies, National Assembly and NGOs, who have impact on the development of the WE policy and WED in the country. The summary report is presented in Appendix 4.

# Conclusions and recommendations

## Conclusions

By summarizing the presented analytic materials and information received from focus-group discussions, the following conclusions and suggestions can be drawn:

- The economic power is not distributed equally between men and women, the availability of economic and social resources are different for both of them. The representation of women and men in leading positions and in communities is not balanced. Women are represented only in low levels of economy and governance and practically have no possibility to get engaged in economic decision-making processes and express their interests.
- The unequal status of men and women in the economy sector increases the risk of discrimination and becomes the basis of reinforcement of the traditional division of gender roles, based on gender inequality.
- In the process of implementing the RA strategy focusing on the increase of socio-economic development, the impact and assessment of economic reforms in women and men should be taken into account. The following issues should also be addressed:
  - High level of unemployment, feminization of poverty
  - Gender discrimination (segregation) in labor market and employment sector
  - Women's high share in the informal economy and the increase of the discriminative attitude
  - Women emigration from highly paid sectors
  - Gender inequality of wages and incomes
  - Low representation of women in business sector and in the managerial positions of organizations
  - Gender unequal representation in high levels of management
- The insufficient level of small and medium enterprises development, non-perfection of financing, loan and investments assistance mechanisms, as well as the low accessibility of business, the absence of business promotion conditions, non-perfection of tax and legal sectors appliance hinders the expansion of business opportunities for men and women.
- The causes hindering the formation of a gender balance and promotion of women representation in business and self-employment sectors are the following: absence of privileged conditions for women business development, insufficient interest of state authorities to women business development, high level of corruption, system of non-formal relations. The existing unfavorable social environment, women psychological nature and their low self-estimation also hinders women business development.
- The existing funding sources are not accessible to SMEs institutions, especially for the ones having poor financial possibilities (the majority of them are women)
- Tax and customs processes, in particular customs administration (regulation) processes and their frequent changes need to be revised and clarified and be more accessible and available for enterprises.
- Women face challenges when establishing own businesses
- Lack of specific data regarding WED in Armenia
- Lack of special training programs for women entrepreneurs
- Lack of skills and knowledge to protect their own rights during different inspections
- WE is less risky and less corrupted
- WEs mainly operate in trade and service sectors, partially in industry (food, sweets, energy)
- Low usage of business networks, compared to men

- Only 49% of women are economically active among the total number of women, whereas 76% of total men are active
- 60% of unemployment exists among women aged 30-39 years
- The average salary of women is 40% less, than among men
- WEs need consultancy on financial management and negotiations with banks
- Need of promoting equality and developing WE culture
- Women spend 5x more time on unpaid jobs (including household), than men
- Need of improving legislation and business environment for women
- Lack of services (business consulting, low quality of trainings and their non-practical content)
- Limited opportunities for property management
- Lack of business skills
- Lack of qualified staff
- Weak perception of WEs within the society
- The NGOs in Armenia which assist women entrepreneurship and entrepreneurship in general perform common functions. Due to gender misbalance in institutions responsible for development of policies, plans and provision of different services, women do not play an essential role in private sector related decisions making and promotion processes. The issues women have are not discussed during state and public authorities-private sector dialogue. Thus, there is an evident and latent discrimination to businesswomen.

## Recommendations

- Develop mentorship programs to promote women entrepreneurship that will unite experienced businesswomen, business consultants and women, who would like to start a new business. These projects will contribute to the establishment of efficient business relations and promote fast provision of information
- Promote women entrepreneurship through state projects to be engaged in business, offering different loan opportunities to new start-ups, as well as loan opportunities with accessible conditions for women living in bordering areas
- In order to ensure a high efficiency of local economy and small, medium and big businesses it is needed to unite the efforts of local performers and all interested parts, like public and local self-governing units, business world, international and non-governmental organizations so that the implemented projects correspond more to the peculiarities of the local market and the requirements of target groups. In particular, it is needed to clarify the perspective and priority areas of the local economy, as well as to assist the formation of a personnel needed for these sectors, by keeping gender equality principle. The projects will be much more valued if the regional peculiarities are taken into consideration
- Develop special programs for enterprises to make funding (loan) sources more available and get financial resources with favorable (accessible) conditions from them
- Necessity to develop a special consulting portfolio targeted at WEs
- To take appropriate measures to find alternative sources for SME sector funding or invest mechanisms of partial cover of credit rates, taking into account that the situation in financial system does not allow to expect a decrease of commercial credit rates in the near future. Taking into account the low level of women involvement in the private sector, in other equal conditions the preference should be given to women
- Organize frequent trainings for start-up and functioning businesswomen to increase their economic and legal skills and to efficiently use the business potential of communities

## Recommendations for the development of RUEA services targeted at women entrepreneurs

The recommendations are summarized below:

- Turning RUEA into a platform for WE advocacy
- Increase of awareness about RUEA activities, especially in the regions, which can promote the process of implementation of RUEA services for the member and non-member organizations
- Activate the work of RUEA regional branches. The projects implemented by RUEA to be directed to regions by contributing to the reinforcement skills of the regional structures of RUEA and its members
- Increase the role of RUEA regional structures in relation with SMEs (including WEs) and local authorities in order to protect the rights of businesses by using the mandate of social partnership
- Develop mentorship by involving active WE members of RUEA
- Assume the role of a guarantee in relation with funding and loan institutions and businesses that will allow the start-up businesses to get funding resources with more accessible conditions for the establishment and activity of their business
- Development services (business planning, financial calculations, legal consulting and the development of portfolio for receiving loan)
- Support the creation of a special “Guarantee fund” that can serve for start-up companies in relationship with funding intermediaries for loan guarantees
- Provide consulting services to start-ups through RUEA experts, regional structures and already acting businesses (wide application of BIZUP for young start-ups and “How to start and improve your business” programs). Development of special consulting portfolio underlining accounting and legal consulting for start-ups
- RUEA, in cooperation with its partners, will contribute to spreading information about businesswomen, advertising their products and services and access to a new consumer market. Development of an advertising platform for RUEA, where members of organization can make use of and present their products during exhibition with advertising purposes
- Application of new IT opportunities in business promotion (creation of business portals, e-commerce, presentation of products through individual websites, etc.). Self-marketing through IT
- Assist regional businesswomen in export promotion (certification, documentation, packaging, customs procedures and advertising abroad)
- Improvement of business environment targeted at micro and small businesses (including women entrepreneurs), especially decrease in turnover tax (from present 3.5% to 2.5%), which can have significant impact upon small businesses. Presentation of proposals to the Government and to the Reform Support Centre (operating under EBRD).
- Launch of a specific website targeted at WEs (wed.employers.am)
- Launch of e-newsletter on women entrepreneurship
- Organization of events to ensure the connection between WEs and consumers
- Cooperation with educational institutions, promoting the employment of young graduates

**The recent results of RUEA study conducted among 20 famous women (representatives from state bodies, members of National Assembly, top-managers of women NGOs and famous WEs).**

RUEA based on its experience has selected active famous women who form opinions, have authority in the society. These women have wide experience in the field working on women issues. Interviews and discussion have been implemented among these 20 women, and their opinion was used as experts' opinion about the current situation for the improvement of WED policy in the country and RUEA policy for WED.

### **Their expectations from RUEA and their recommendations**

- Improvement of business environment
- Finding business partners
- Provision of free of charge consulting services
- Provision of trainings
- Consulting for start-ups
- Supporting access to financial resources, preferential credits
- Sharing of experience and mentoring
- Strengthening women's role in the society
- Consulting for developments of business plans
- Promotion of equal competition opportunities
- Organizing open competitions, implementing expertise of business projects
- Organization of events to involve partner organizations

The survey has been conducted among 20 woman leaders engaged in political and economic activity, officials and businesswomen, who have influence on the legislative initiatives (changes) and reforms in Armenia. Among them, 12 are women entrepreneurs (3 RUEA direct members, 1 associated RUEA members). More details in Appendix 4.

# List of diagrams and tables

## Diagrams

- Diagram 1. SME Sector Share in GDP during 2002-2009 (%)
- Diagram 2. The Share of Employed in SME in the Total Number of the Employed in 2002-2009 (%)
- Diagram 3. Existing business obstacles, as identified by the respondents
- Diagram 4. Existing business obstacles (regional breakdown)
- Diagram 5. Communication with RUEA
- Diagram 6. Assessment of Economic Situation by Respondents(as percent of all responses per region)
- Diagram 7. Use of Production Capacities
- Diagram 8. Current Needs for services/consultancy
- Diagram 9. Five main factors of impacting business (by Percentage)
- Diagram 10. Biased Inspections
- Diagram 11. Corruption
- Diagram 12. Cooperation with Large Businesses

## Tables

- Table 1. ADB Project Funding
- Table 2. Existing business obstacles (regional breakdown)
- Table 3. Product Sale Prices Change During 3 Months

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