

Country Name	Project for Development of Local Production and Promotion of Local Brands
Republic of Armenia	

I. Project Outline

Background	<p>In Armenia, it was noteworthy that the Small and Medium Enterprise (SME) support programs in recent years had contributed to increases in revenues of regional and local SMEs and employment in rural areas. Importance of the support programs was also recognized.</p> <p>As the implementing agency of the programs, the Small and Medium Enterprise Development National Center of Armenia (SMEDNC) sent its staff members to Japan International Cooperation Agency (JICA)'s training in Japan on One Village One Product (OVOP) concept and, in September 2011, SMEDNC invited JICA experts to hold seminars in Armenia in order to elaborate more on Japanese experience concerning local economic development and OVOP.</p> <p>Based on the information obtained from the training in Japan as well as the seminars in Armenia, the Government of Armenia requested the Government of Japan to implement a technical cooperation project in order to introduce and apply the OVOP approach in the country.</p>				
Objectives of the Project	<p>Through developing an Armenian OVOP concept, conducting training of trainers (TOT) for SMEDNC as OVOP experts, implementing pilot projects, etc., the project aimed at developing "Method of market-oriented local products or services development and branding" as a supporting tool for local SMEs and thereby contributing to economic development of the target communities.</p> <ol style="list-style-type: none"> Overall Goal: Improved local products or businesses supported by SMEDNC contribute to the economic development of the target communities. Project Purpose: Method of market-oriented local products or services development and branding" is developed as a supporting tool for local SMEs based on the OVOP movement at SMEDNC in Armenia. 				
Activities of the project	<ol style="list-style-type: none"> Project site: Tavush, Lori, Kotaik, Ararat, Vayots Dzor, Syunik, and Armavir Main activities: (1) developing the Armenian OVOP concept, (2) conducting TOT for SMEDNC as OVOP experts, (3) implementing pilot projects, etc. Inputs (to carry out above activities) <table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <p>Japanese Side</p> <ol style="list-style-type: none"> Experts: 6 persons Trainees received: 24persons Equipment: vehicles, office equipment, equipment for the target SMEs Local expenses: expenses for local consultants and project staff </td> <td style="width: 50%; vertical-align: top;"> <p>Armenian Side</p> <ol style="list-style-type: none"> Staff allocated: 10 persons Land and facilities: Offices and training venues Local Operational Cost: Allowance for training participants, traveling costs, pilot project activity costs </td> </tr> </table>			<p>Japanese Side</p> <ol style="list-style-type: none"> Experts: 6 persons Trainees received: 24persons Equipment: vehicles, office equipment, equipment for the target SMEs Local expenses: expenses for local consultants and project staff 	<p>Armenian Side</p> <ol style="list-style-type: none"> Staff allocated: 10 persons Land and facilities: Offices and training venues Local Operational Cost: Allowance for training participants, traveling costs, pilot project activity costs
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Project Period	March 2013-February 2016	Project Cost	(ex-ante) 200 million yen, (actual) 222 million yen		
Implementing Agency	Small and Medium Enterprise Development National Center of Armenia (SMEDNC)				
Cooperation Agency in Japan	-				

II. Result of the Evaluation

<Special perspective of evaluation to be considered>

A subsequent project to this project (JICA technical cooperation project "The Project for Development of Local Production and Promotion of Local Brands Phase 2" (2016-2019)) was implemented and the evaluation results of this project included the effects from the phase 2 project.

1 Relevance
<p><Consistency with the Development Policy of Armenia at the Time of Ex-Ante Evaluation and Project Completion></p> <p>The project was consistent with the development policy of Armenia. At the time of ex-ante evaluation, the "Sustainable Development Program 2008-2021" prioritized the support for SMEs. At the time of project completion, the OVOP movement was referred in "Annual program for state support of SME" in 2015 and 2016. Further, the "Small and Medium Enterprise Promotion Strategy" (2016-2018) focused on the quality improvement of SMEs through application of new technologies, enhancement of expertise, and promotion of foreign investment</p> <p><Consistency with the Development Needs of Armenia at the Time of Ex-Ante Evaluation and Project Completion ></p> <p>The project was consistent with the development needs of Armenia for SME support. According to a SMEDNC report published in 2013, SMEs accounted for 98% (73,925 companies) of the registered companies as of December 31, 2012. Employment in SMEs accounted for 24.8% (290,388 people), however, 61% of those employment concentrated on Yerevan, the capital of the country. Approximately 53% of the SMEs under operation were located in Yerevan. There was no change in the needs by the time of project completion.</p> <p><Consistency with Japan's ODA Policy at the Time of Ex-Ante Evaluation></p> <p>The project was consistent with Japan's ODA policy to Armenia. A priority area of "Institutional and infrastructure development for economic development and regional development" referred to human resource development for the promotion of SMEs¹.</p>

¹Source: ODA Country Databook 2013

<Evaluation Result>

In light of the above, the relevance of the project is high.

2 Effectiveness/Impact

<Status of Achievement of the Project Purpose at the time of Project Completion>

The Project Purpose was achieved at the project completion. 12 staff applied the market-oriented products or service development method (OVOP concept) to their operation (indicator 1), and the OVOP concept was referred in “SME State Support Program” in 2015 and 2016 (indicator 2). However, the vehicle purchased for this project was sometimes used as the official vehicle for the governor of the counterpart organization. Consequently, there were cases where the project could not necessarily have priority use of it. <Continuation Status of Project Effects at the time of Ex-post Evaluation>

The effects of the project have continued after the project was completed. After the project completion, a sufficient number of SMEDNC staff has utilized the project results and has continued activities such as workshops, seminars and consultations with the support of the succeeding project (Phase 2 project) and other development partners (indicator 1). Also, under the Phase 2 project, products have been developed in regions without the pilot activities by the Phase 1 project. In addition, the OVOP concept was reflected in the government strategies such as the “SME State Support Program 2017”² (indicator 2).

The terminal evaluation recommended to strengthen export and tourism. In the export area, SMEDNC established Product Promotion and Internationalization Department with the support of the project which systematically supported Armenian companies to exhibit products in international trade fairs. Utilizing the improved OVOP concept (The concept developed by the project has been restructured to incorporate necessary items such as products, production process, facilities, marketing strategies in order to enter into international markets), SMEDNC promoted exports of the SME products through participating in the international trade fairs. As for the tourism, activities to promote local tourism have been implemented by using the improved OVOP concept. Specifically, through the implementation of tourism business start-up support training, 28 tourism operators developed 20 new tourism products for foreign tourists. In addition, for tourism businesses and businesses that want to provide products and services that reflect the characteristics of Armenia, a guidebook for promoting local tourism has been developed that are useful to businesses that want to sell products and provide services to inbound tourists.

<Status of Achievement for Overall Goal at the time of Ex-post Evaluation>

The Overall Goal has been achieved by the time of ex-post evaluation. Of the 106 SMEs participating in the OVOP pilot projects, 52 SMEs actually applied the OVOP concept to improve their management (Indicator 1). During the project implementation, local products such as dried fruits, cheese, wine, spices and herbs, and tourism (private accommodation, agritourism, etc.) were developed by the pilot projects in about 10 villages in 6 regions. According to interviews with SMEDNC and the target companies, after the project was completed, there were positive effects such as an increase in the number of producers, expansions of production and sales, as well as sales channel expansion, export expansion, and job creation. SMEDNC and the target companies have been satisfied with these changes as a result of the project (Indicator 2).

<Other Impacts at the time of Ex-post Evaluation>

There was a positive impact on gender in this project. Of the 317 people who participated in the start-up support training implemented by this project, 161 were women, and thus, the project promoted the strengthening of women's capabilities and the fostering of management decision-making rights. As a specific example, in a company that produces herb tea in Tavush, the vice president participated in the TOT, a pilot project and the third country training in Thailand, and then exhibited at an international trade fair in the third country training in Singapore. Before participating in this project, the president made all decisions, However, by absorbing practical and innovative knowledge through this project, the company changed brand names, packaging materials and designs, and changed production processes based on the opinion of the vice president.

In addition, a positive impact that was not anticipated is the enhancement of the inter-company network. Businesses have begun exchanges such as joint exports that were not seen before.

No negative impact on the natural environment by this project has been observed and there was no land acquisition and resettlement.

<Evaluation Result>

Therefore, the effectiveness/impact of the project is high.

Achievement of Project Purpose and Overall Goal

Aim	Indicators	Results
Project Purpose Method of market-oriented local products or services development and branding” is developed as a supporting tool for local SMEs based on the OVOP movement at SMEDNC in Armenia.	1. At least 15 SMEDNC experts are able to provide support to local SMEs by utilising ‘market-oriented products or service development method’	Status of achievement: Achieved (continued) (Project completion) The Armenian OVOP concept was defined as "Efforts to strengthen and develop the area, company and product simultaneously and consistently while utilizing local social and cultural resources" in the Armenian OVOP casebook. Twelve SMEDNC staff members applied the Armenian OVOP concept (“market -oriented local products or services” in the Project Purpose) for their activities. (Ex-post evaluation) As of April 2019, SMEDNC had 19 staff members in headquarters and regional branches for SMEs support. Specific support contents are as follows. (1) Through SMEDNC staff and business consultants (BDS (Business Development Service) providers) who mastered the OVOP concept, guidance for improving exhibited products, manufacturing processes, and marketing materials in the form of workshops, seminars, consultations, etc. have been carried out.

²There is no “SME State Support Program 2017” or similar program after the change of administration in May 2018 until the ex-post evaluation. However, SMEDNC, as the implementation agency of the national annual SME support measures, has utilized the OVOP concept continuously, and the development of Armenian companies in local areas have been continuously progressing.

		<p>(2) There were 160 participants in the start-up support training directly supported by SMEDNC during the implementation of the Phase 2 project. In addition to this, SMEDNC conducted training to support the start-up of business, utilising the OVOP concept, to a total of 640 new startups with financial support from other development partners. As a result, 800 practitioners learned the Armenian OVOP concept.</p> <p>(3) In all 10 regions except Yerevan, the capital city, where pilot activities were not conducted in this project, the knowledge gained through this project was disseminated to within the framework of Phase 2 project. Product brands such as herbal tea, processed food, dried fruit, cheese, wine and local tourism were developed in all 10 regions.</p>
	2. The OVOP concept is integrated into the national approach of local economic development and reflected in the SME State Support Annual Programs in Armenia.	<p>Status of achievement: Achieved (Continued) (Project completion) The OVOP movement was referred in “SME State Support Program” in 2015 and 2016. (Ex-post evaluation) The OVOP movement was referred in “SME State Support Program 2017” to "support the development of products and services that make use of local resources to promote local products and brands".</p>
Overall Goal Improved local products or businesses supported by SMEDNC contribute to the economic development of the target communities.	1. The number of new businesses increases in the pilot project areas.	<p>Status of achievement: Achieved (Ex-post evaluation) Of the 106 SMEs participating in the OVOP pilot projects, and 70 SMEs were newly registered as new business entities. 52 SMEs actually applied the OVOP concept to improve management.</p>
	2. Major stakeholders are satisfied with the changes caused by project implementation.	<p>Status of achievement: Achieved</p> <ul style="list-style-type: none"> - SMEDNC staff: Satisfied. SMEDNC's expert guiding skills for developing SMEs were strengthened by the Armenian OVOP concept. - Target companies: Satisfied. The OVOP concept was applied to improve management. As a result, their sales volume and their export volume increased.

Source: JICA documents, questionnaire and interviews with SMEDNC, and interviews with the target companies (eight companies)

3 Efficiency

Although the project period was as planned (the ratio against the plan: 100%), the project cost slightly exceeded the plan (the ratio against the plan: 111%). The outputs were produced as planned. Therefore, the efficiency is fair.

4 Sustainability

<Policy Aspect>

In Armenia, based on the concept document of SME development formulated in 2000, the “Law on the State Support of SME” was enacted. In recent years, in particular, SME support policies have aimed at strengthening competitiveness through management innovation. The “SME Development Strategy” (2016-2018) has aimed to improve the competitive environment through dissemination of management knowledge, innovation, and improvement of financial access. These Armenian SME policy trends have been consistent with the direction of this project, which aimed to strengthen the competitiveness of local SMEs in domestic and overseas markets.

<Institutional Aspect>

SMEDNC has been positioned as a policy implementation organization for SME support policies based on the “Law on the State Support of SME” mentioned above. SMEDNC has consisted of the headquarters (International Cooperation Department, Product Promotion and Internationalization Department, Information and Analysis Programs Department, Training Department, Financial Support Department) and Regional Branches. The roles and staffing of each department are as follows.

Table : Organizational structure of SMEDNC

Name of Department	Roles in promotion of OVOP promotion	Number of staff
International Cooperation Department	Overall management and coordination of projects with international assistance, creating synergy effects with ongoing projects	3 (Headquarters)
Product Promotion and Internationalization Department	Provide support and advice on market development techniques to startups and existing SMEs. Consulting on branding, packaging design, marking and labeling, participation in trade shows and expos, and planning of B2B events based on the OVOP concept	3 (Headquarter) (Received support from 10 regional representatives)
Information and Analysis Programs Department, Training Department	Development/improvement of existing education/training materials for SMEs and consultants based on the OVOP concept. Provide consultancy services based on the OVOP concept, hold training programs and seminars.	5 (Headquarter) (Received support from 10 regional representatives))
Financial Support Department	Providing financial assistance in the form of loan guarantees for start-up companies and loan guarantees aimed at starting new businesses or expanding businesses of existing SMEs	4 (Headquarter) (Received support from 10 regional representatives)
Regional Branches	Provision of consulting services based on the OVOP concept. Direct exchange with local SMEs. Needs assessment and service provision, guidance and monitoring.	10 (1 person in each branch)

According to SMEDNC, the number of staff has been sufficient, however, the number of staff in each region is one in each region, which could not be sufficient for further promotion of OVOP concept.

<Technical Aspect>

SMEDNC has had the necessary techniques, and the manuals created in this project have been also used. However, there are some

concerns that some counterparts have left their jobs after the completion of the project. Nonetheless, in the Phase2 project, four TOTs related to the improved OVOP concept were implemented, and 21 SMEDNC staff members participated. These staff members have been conducting activities related to strengthening of the competitiveness of local companies in all the 10 regions in Armenia. Therefore, there are no problems about the Technical Aspect.

<Financial Aspect>

SMEDNC's budget have depended on the projects by development partners. Currently, SMEDNC's activities can be continued, however, the future outlook is unclear.

Table: Budget of SMEDNC

(Unit: thousand AMD)

	2016	2017	2018	2019 1 st Quarter
Budget allocated from the government	143,062	152,600	147,500	30,581
All budget	1,807,643	1,754,917	1,305,971	1,090,000

<Evaluation Result>

As some problems have been observed in terms of the institutional, technical and financial aspects, the sustainability of the effects through the project is fair.

5 Summary of the Evaluation

The project achieved the Project Purpose at the project completion as a sufficient number of SMEDNC staff members have utilized the results of this project to promote OVOP activities through training, seminars, and consultations, and the OVOP concept was reflected in the strategy level. These effects have continued by the time of ex-post evaluation. The Overall Goal has been also achieved, as there was an increase in new business in the pilot project areas and the main stakeholders were satisfied with the changes due to the project implementation. As for the sustainability, some problems have been observed in the institutional, technical and financial aspects, however, no problems have been observed in the policy aspect. As for the efficiency, the project cost slightly exceeded the plan.

Considering all of the above points, this project is evaluated to be satisfactory.

III. Recommendations & Lessons Learned

Recommendations for Implementing Agency:

SMEDNC is recommended to continuously carry out dissemination activities of the OVOP concept to enhance the sustainability of the effects obtained in this project. Specifically, (1) continuous capacity enhancement of SMEDNC staff and BDS (Business Development Service) provider (management consultant) on the improved OVOP concept, (2) strengthening ownership of local SMEs, (3) continuous support for exports promotion by local SMEs after selecting priority markets, and (4) implementation of activities linked to local product development and promotion of inbound tourism.

Lessons Learned for JICA:

- On Sustainability:

The counterpart organization of this project has a structure that depends on projects of development partners from a budget perspective. While projects with multiple development partners are ongoing, this type of structure will not cause problems. However, when considering the sustainability of medium to long-term effects, this would be an essential problem. Such problem should be considered not only by JICA but also for other development partners and related organizations in the counterpart government from the stage where the problem has not become apparent during the project implementation period. When implementing a project with a counterpart with such a budget structure, it is necessary to discuss future sustainability at the time of project planning, and to consider measures such as inclusion of this aspect in project activities and indicators.

- Handling of the vehicle purchased by the project

The vehicle purchased for this project was sometimes used as the official vehicle for the governor of the counterpart organization. Consequently, there were cases where the project could not necessarily have priority use of it. This is because JICA has no office in Armenia, so the vehicle was handed over to SMEDNC immediately after purchase so that vehicle registration, management, verification, insurance, etc. could be carried out smoothly. JICA should consider about this issue at the project planning stage based on the legal and organizational rules in C/P countries. For example, JICA could consider the delivery of vehicles, equipment, etc. should be done at the end of the project and management need to be done by JICA.



Dried fruits whose brand has been strengthened by the One Village One Product Movement.



OVOP stall at the Harvest Festival

